REAL ESTATE JOBBING

The Next Level

Volume 5

"Bridging the Gap"

Barry J Grimes

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INTRODUCTION

Taking The Next Step

Well you must cross the bridge if you want to get to the other side. As you can see on the cover of this Volume, on one side of the bridge is a problem and on the other side is a solution.

The problem is we can get pretty comfortable as a Real Estate Jobber, but we want to make more money. The solution is to begin investing in real estate ourselves. But, in order to do this we have to "**bridge the gap**" of taking risk.

Again take a look at the cover. If you have built a steady and successful jobber business, then your Investors will be there to guide you across the bridge. But ultimately, it will be up to you to take the next step.

Just like with Volume 4, I wrote this 5th Volume because of feedback that I received. Many people wonder if they can really make the transition from Jobber to Investor. If you follow the principles from this course…

…then the answer is an emphatic yes.

The main focus of real estate jobbing is to find Investors to help teach you the ropes of the business, while you earn some extra

money. You should have taken part in various transactions and have a pretty good understanding of the process. Now you are ready to carefully begin venturing off on your own.

This Volume will give you an idea of what to expect at the next level, and hopefully take away a little of the fear. Keep the lessons from this Volume in mind while you are building your jobber business. You will see the next level is really not that different.

I will use examples and processes from my business throughout this Volume. Again, the goal is to give you an idea of what to expect as an Investor, not to cover buying and selling properties in detail. You can use this information to begin thinking about your investing business, even while you're building your jobber business.

I will cover many investing topics to give you a better understanding of some of the things Investors face. However, this will be more of an overview than a lesson. Most of the topics will require much more in depth studying.

There are many excellent resources available for most of these topics, so I won't try to reinvent the wheel…

… but I will make suggestions for some excellent resources, by some very knowledgeable people, that you may want to invest in down the road.

Okay, let's get started!

Real Estate Jobbing Volume 5

The Targets for Volume 5

1. Get an idea of what to expect at the next level.
2. Understand running a real estate wholesale business.
3. Understand why "flip" is a four letter word.
4. Understand the importance of continuing education.
5. A general understanding of a basic real estate contract.
6. Understand a few popular investing strategies.
7. Learn some real estate financing sources.
8. Understand the importance of your jobber knowledge.
9. Understand that you **can** be a Real Estate Investor!

The Next Logical Step

It may seem like a big step, but you'll be ready!

So now you've built your real estate jobbing business into a successful enterprise, earned some very good money and you ask, "what's next?" Well, that's entirely up to you. Your long-term goals

should help you answer this question. But the next logical step is to become a Wholesaler.

As a Wholesaler you'll have to wear two hats.

First that of a buyer…

… then that of a seller.

Remember, Wholesalers take control of properties by getting them under contract and then selling the property quickly for a profit. Be sure to keep that in mind throughout this Volume.

Your knowledge is already 100 times greater than many new Wholesalers, so you are well prepared!

Through your Mentors you are very familiar with the real estate investing business, and the property-buying process. You have probably figured out which types of properties are of interest to you, and you are well aware of the extraordinary income levels and lifestyles that many successful Investors enjoy.

Then what's stopping you? The number one answer is again fear. I'm sure by now you know the best way to overcome fear is to take action, and gain familiarity. What's the best way to take action?

In this case it's by getting your jobber business going and continuing your education.

Continuing Education

Yes this can mean going back to school! By purchasing this course, I Know you already believe in investing in your education. By the way, what is the definition of invest? The number one definition at dictionary.com is:

> ***1. To commit (money or capital) in order to gain a financial return.***

This definitely applies to investing in your real estate investing education. You purchase educational materials with the belief that you will gain new skills and knowledge. Naturally you then want to transform this into money in your bank account. In other words you want a financial return on your investment.

I know this is the way I think! I spend thousands on education each year and it pays off many times over. Guess what, the learning never ends. You will always search to learn something new that will improve your business. Every successful person has to think this way.

With that being said, you don't have to start out spending a fortune on educational materials. Be frugal; invest your hard earned money wisely. There are many nationally renowned "gurus" that offer some fantastic information, but there are a few others that provide completely worthless materials.

Get the most bang for your buck. You should have a good idea of what you want to learn from working with your Mentors. I find that books and courses that specialize in one topic are more valuable than those that try to cover everything.

That's why this course focuses strictly on real estate jobbing. I've tried to cover every angle, including what to expect at the next level!

Don't be afraid to post at some of the real estate investing forums and get a variety of opinions on a particular author. Has anyone in your local club used this material? Check out the satisfaction policy. Can you return the materials if you are not satisfied? Is there a free trial? Try to view at least the table of contents for the material before you make a purchase. Does it cover what you want to learn? Make an informed decision.

Don't discount local experts. There are probably many local Investors that know as much or more than some of the gurus. You can gain an incredible base of knowledge from your local experts. In fact, in addition to their real life experience many of them probably learned from the gurus!

The best place to get started is at your local real estate investing club or association (REIA). They will have many excellent educational avenues to pursue, which will probably be offered at very reasonable prices.

Below is an article I wrote a while back about REIA's,

WHAT'S A REIA?

Have you joined your local REIA yet? What is a REIA you ask? It's your local Real Estate Investment Association, also called a real estate investment club. It's probably the best bargain you'll ever find for real estate investing.

I'm lucky, in my area there are two REIAs, and both are very active. I'm most involved in the newest club, which was started only a few months ago and already has over 250 members. The purpose of the club is to provide networking and learning opportunities for its members. It's a great place for Real Estate Jobbers to get started.

You will meet lots of Investors who will be anxious to get the types of leads you are providing. They'll be more than willing to help you get started, if you are willing to put forth the necessary effort.

Networking is one of the REIAs greatest strengths. You get to mingle with the pros in an educational, yet casual setting. These are like-minded people that are making their living investing in real estate. No one will tell you that you can't do it. It's very motivational.

A typical meeting of our club goes like this:

Networking and mingling, where you can talk with other members, collect and pass out cards.

Welcome to new members and visitors (the first meeting is free).

Announcements and upcoming events.

Deal of the month, this is where three or four members go over a deal they have closed during the month, and the club votes on which deal was the best.

Sponsor's comments, each meeting a sponsor provides food and drinks to club members in exchange for being able to pass out literature and talk about their

business during the meeting. Some of the sponsors include insurance companies, hard-money lenders, mortgage companies, home inspectors etc.

Feature speakers, includes both local experts and national speakers. A couple of months ago Barney Zick, one of the founders of creative real estate investing stopped by and shared a lot of his knowledge with us, and he even brought dessert from the Cheesecake Factory!.

Adjournment and continued networking.

Our meetings typically run from about 6:30 to 9:30, it's a great investment of 3 hours.

Let's take a look at a few of the events that have taken place and are planned for our local REIA.

"Round Table with the Experts" – this is where the entire evening was spent at one of about 24 round tables. There were eight people per table. Each table featured an expert on a specific topic. Some of the topics included; wholesaling, retailing, foreclosures, section 8 and home inspection just to name a few. You could ask the expert as many questions as you wanted for the entire evening.

"Getting Started in Real Estate Investing" – this is an eight week class for new Investors, which includes Jobbers! All of the basics are covered including contracting, finding properties, inspections and selling properties. The class meets once a week and culminates in the Junkers Junket, which we will discuss next. This class is offered a few times a year and is less than $200; many gurus would charge thousands of dollars for something similar.

"Junkers Junket" – this is a weekend "boot camp". Friday evening consists of covering contracts in great detail. Saturday is an all day class covering the ins and outs of buying and selling properties. Sunday is an all day bus trip where we visit several Junker or ugly houses and find out the good the bad and the ugly on the properties. The cost for this event is $199 for members, again an unquestionable bargain.

"Barney Zick Seminar" – Barney's 8-hour seminar, which he normally charges $350, was offered to members for $59.

"Short Sales Seminar" - a weekend class which covers short sales in great detail. This class is offered to members for only $99.

"Real Estate Expo" – another full weekend event. Each day was packed with national speakers offering excellent advice, motivation and discounts on their materials. Some of the speakers included Louis Brown, John Hyre, Robyn Thompson, Jeff "Mr. Landlord" Taylor, Donna Bauer, Dwan Bent, Sharon Restrepo and Ron Legrand. The cost for this event was $29 for all three days.

"Foreclosure Safari" – a class on the state's foreclosure process, which includes a visit to the local courthouse to find all of the documents and learn what they mean.

"How to use the Public Records" – a speaker from the county covers how to use the online search tools.

These are just a few of the events and opportunities offered by REIAs. It's a great place to meet people in the business and learn from people actually doing this everyday. What's the cost to join you ask? About $90 a year! It's absolutely the best money you will spend. Also your membership and all educational expenses are tax deductible.

Check for a REIA in your area at the link below.
http://www.reitoolbelt.com/community/real-estate-clubs.cfm

Don't see a club in your area? Then help start your own. Once you build your list of Investors find some others that are interested and help them get a club going. Don't forget our club was started only a few months ago!

Many of these programs were developed based on what some members learned at some very expensive training sessions.

Another advantage of a REIA is that you will be associating with like-minded people, who will encourage and motivate you to pursue your dreams. In fact you will get motivation from seeing people just like you make this business work.

Let's take a look at a few great ways to continue your education.

Books – this is a great inexpensive way to get started. Be sure to read your books more than once. Each time the material will seem clearer and clearer.

Tapes/CDs – this is a very time efficient way to learn. You can turn your car into a "mobile library". Use your commuting time wisely and feed your brain. You should listen to your materials over and over again.

Courses – these are usually much more detailed than books and cover a specific topic. Most courses include a lot of

information, forms and ongoing support. As a result courses are more expensive than books.

Seminars/Conferences – quite often these are sponsored by REIA's. They are usually very inexpensive and include an impressive line up of national speakers. I've attended for as low as $29 for a three-day seminar. The reason they are inexpensive is because usually the national speakers will try to sell you their more expensive programs. I love these seminars, because you get a chance to know the experts and it makes it easier to decide if you want to buy their materials. Besides, they always offer bonuses and discounts!

Boot Camps – the experts at varying locations around the country usually put these on. Boot camps are several days of intense learning and training. You may actually go out and purchase a property during the boot camp. Prices for boot camps run the gambit, but are usually pretty expensive. Don't forget to factor in travel, lodging and food expenses.

These are not the only ways to learn, but are very common and very beneficial. Don't overlook OJT, on the job training is a great way to learn, and is the backbone of real estate jobbing.

I did not want to spend money on education for a while, but once I realized the benefits and financial gain; I never begrudged spending the money again. Even if I buy a clunker every now and then I just chalk it up as a cost of doing business. The good educational investments have by far outweighed the bad.

I still get excited when I order a course or sign up for a seminar, because I know I'm going to pick up something that will increase my knowledge and help my business.

Let's sum up continuing education by saying; you just have to do it. It's really investing in yourself. Can you think of a better place to make an investment?

Think of it as a shortcut to get where you want to go. Just like with your Mentors, learn from mistakes that have already been made, and profit from the years of experience that will be offered.

Yes there will be expenses involved, but in addition to gaining knowledge and skills, these expenses are tax deductible!

Start small, and as your income increases…

…work your way up the educational ladder, because the learning never ends!

PROPERTY BUYING 101

Well you can't invest in real estate if you don't buy any properties. In this section we will review the general process of buying a property. Remember, for this Volume we are thinking like a Wholesaler.

The process and terminology will vary depending on where you live, but the general concepts will apply. Be sure to learn the exact process of your area while you are jobbing, it will put you way ahead in this game.

Real Estate Jobbing Volume 5

Finding the Property

We know that finding the right types of properties is like looking for money. Do you really think finding properties, as a Wholesaler is any different than finding properties as a Jobber?

For the most part there is no difference. You will be looking for motivated sellers, and I'm sure you will be able to find a ton of them!

You will probably employ more paid marketing sources, as you will want Motivated Sellers beating a path to your door. Hopefully you will also enlist the services of a Real Estate Jobber in your area.

This is why it's very important that you learn how to use the public records, and how to employ all of the lead finding sources covered in Volume 2.

As you experiment with the different sources you will find out which works best for you, and naturally you'll want to concentrate on those sources. No matter what level of real estate investing you achieve, you can't be successful without finding Motivated Sellers.

Property Analysis

How much is that property really worth?

It's especially important to do your homework at this level, or you could end up buying a property and then becoming a Motivated Seller yourself. Remember you are wearing two hats, and you have to be able to perform both functions to be successful.

You are now well versed on calculating the FMV, but we will use a little different terminology at this level. We will refer to the FMV, as the "After Repair Value (ARV). They essentially mean the same thing, but 90% of the properties you deal with will need repairs to bring them up to FMV. You want to know how much the property will sell for in top condition.

You can estimate the ARV just as you learned in Volume 2, but this time you are the Investor and will have to dig deeper to make sure. Once you select the properties that you are comparing (known as "comps") to your property you will need to go out and take a look at them in person.

Make sure you know the school boundaries, as this can have a big effect on property values. For instance my subdivision is in one of the better school systems in the area, but just on the other side of the main road is a less desirable school system. Your school system probably has a website that shows all of the boundaries.

The same is true for subdivisions. Your comps probably include properties within a certain radius of each other. However, that radius could contain multiple subdivisions of varying home styles, designs and reputation. Of course these factors will all affect the ARV.

There are numerous factors that will determine the actual value of the home. This again is where your Mentors will come in handy. After you check out the neighborhood and do your homework, be sure to run your comps by your mentor just to make sure you are not missing something. This will shorten the time it takes to learn your market.

A good comp will be similar in the following areas:

- Size
- Style

- Architecture
- Construction
- Year built
- Location
- School district
- Features such as bedrooms, bathrooms, pool, fence, patio, garage, etc.

It may be prudent to have an appraisal performed while you are learning. This is where a professional comes out and gives an opinion on the value of the property using several factors. The appraisal report will provide a great deal of information, which will help you learn the process.

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	165 Sheridan Av [redacted]	116 Rock Lake Rd [redacted]		680 Chelsea Road [redacted]		500 Devonshire Blvd [redacted]	
Proximity to Subject		0.44 miles		0.68 miles		0.53 miles	
Sales Price	$ n/a		$ 171,000		$ 169,000		$ 169,900
Price/Gross Living Area	$	$ 76.54		$ 87.93		$ 97.64	
Data and/or Verification Source	Inspection	Multiple Listing Service Public records		Multiple Listing Service Public records		Multiple Listing Service Public records	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(−)$ Adjust.	DESCRIPTION	+(−)$ Adjust.	DESCRIPTION	+(−)$ Adjust.
Sales or Financing Concessions		conventional none		conventional none		conventional none	
Date of Sale/Time		Apr.28.2003		Mar.14.2003		Feb.21.2003	
Location	average	average		average		average	
Leasehold/Fee Simple	fee simple	fee simple		fee simple		fee simple	
Site	9,912 sf	similar		similar		similar	
View	residential	residential		residential		residential	
Design and Appeal	ranch/average	ranch/average		ranch/average		ranch/average	
Quality of Construction	average	average		average		average	
Age	27	30		30		30	
Condition	average	average		average		average	
Above Grade Room Count	Total 8 / Bdrms 4 / Baths 3	Total 8 / Bdrms 4 / Baths 3		Total 7 / Bdrms 3 / Baths 2	+3,000	Total 7 / Bdrms 3 / Baths 2	+3,000
Gross Living Area	2,267 Sq. Ft.	2,234 Sq. Ft.	0	1,922 Sq. Ft.	+8,625	1,740 Sq. Ft.	+13,175
Basement & Finished Rooms Below Grade		none		none		none	
Functional Utility	average	average		average		average	
Heating/Cooling	central	central		central		central	
Energy Efficient Items	typical	typical		typical		typical	
Garage/Carport	2 car attached	2 car attached		2 car attached		2 car attached	
Porch, Patio, Deck, Fireplace(s), etc.	porch, scrn prch none	porch,scrn prch one fireplace	-1,500	porch,scrn prch none		porch,scrn prch none	
Fence, Pool, etc.	pool, fence	pool, fence		pool, fence		pool, fence	
Net Adj. (total)		☐ + ☒ −	$ 1,500	☒ + ☐ −	$ 11,625	☒ + ☐ −	$ 16,175
Adjusted Sales Price of Comparable			$ 169,500		$ 180,625		$ 186,075

Comments on Sales Comparison (including the subject property's compatibility to the neighborhood, etc.): The sales are similar to the subject property in terms of location and utility. The estimated value of the subject property is just above the range of the unadjusted sale prices of the comparables primarily due to the larger living area of the subject property. The adjustment for the contributory value of additional living area is $25 per square foot. The subject property is in average condition for it's age. Comparable one is most similar in terms of living area and is given greatest weight.

Figure 1 - Sample Property Appraisal Report

In the sample report above you can see there is a "subject property", which is being appraised, and three comps. The comps are all within approximately a half-mile of the subject property, and were the most similar recent sales that the appraiser could find.

You can see there are a lot of similarities, but they are not exactly the same. The Appraiser has taken into account the differences and at the bottom of the report determined an "Adjusted Sales Price of Comparable".

Below is another excerpt from the same report. The Appraiser looks at a number of approaches when determining the ARV.

Valuation Section **UNIFORM RESIDENTIAL APPRAISAL REPORT** File No. 03-R-134

COST APPROACH

ESTIMATED SITE VALUE			= $ 40,000	Comments on Cost Approach (such as, source of cost estimate, site value, square foot calculation and for HUD, VA and FmHA, the estimated remaining economic life of the property): Cost data is derived from the Marshall/Swift Cost Service & Local Data. No functional or economic obsolescence was observed. The Modified Age/Life method was used to measure physical deterioration.
ESTIMATED REPRODUCTION COST-NEW-OF IMPROVEMENTS:				
Dwelling	2,267 Sq. Ft. @$ 65.00	= $ 147,355		
	300 Sq. Ft. @$ 24.00	= 7,200		
Porch		=		
Garage/Carport	462 Sq. Ft. @$ 24.00	= 11,088		
Total Estimated Cost New		= $ 165,643		
Less	Physical / Functional / External			The site value was estimated based on a continuing review of sales of single family building sites. The remaining economic life is 73 years.
Depreciation	44,724		= $ 44,724	
Depreciated Value of Improvements			= $ 120,919	
"As-is" Value of Site Improvements	lawn, pool, drive		= $ 15,000	
INDICATED VALUE BY COST APPROACH			= $ 175,919	

Figure 2 - Cost Approach to Calculate Value

This is the cost approach, which basically determines how much it would cost to build the same house, at the same location at today's costs.

The Appraiser is a licensed professional, and wants to make sure that every avenue is covered to produce an accurate ARV. The Appraiser will have to sign off on his estimate, and a lender will make a decision in part on this opinion.

In the figure below the Appraiser estimated the ARV to be $175,000, provides the reasoning behind it and signs off .

This appraisal is made ☒ "as is" ☐ subject to the repairs, alterations, inspections or conditions listed below ☐ subject to completion per plans & specifications.
Conditions of Appraisal: None.

Final Reconciliation: The Sales Comparison Approach provides a good indication for the value of the subject property based on recent transactions in the neighborhood. The Income approach was found to be not applicable. The Cost Approach is less emphasized due to the difficulty of accurately estimating accrued depreciation. Primary weight is given to the Sales Comparison Approach.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, contingent and limiting conditions, and market value definition that are stated in the attached Freddie Mac Form 439/FNMA form 1004B (Revised June 1993).
I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF May 16, 2003
(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE $ 175,000

APPRAISER: Signature
SUPERVISORY APPRAISER (ONLY IF REQUIRED): Signature ☐ Did ☐ Did Not

Figure 3 - Appraiser's Determination of ARV

The appraisal report will also include:

- Interior and exterior pictures of the subject property
- Pictures of the comparable properties
- A diagram of the subject property layout
- A location map
- A detailed description of the neighborhood

The process becomes a little more complicated at this level, but with practice you will soon be able to estimate the ARV very quickly, accurately and easily.

Estimating Repairs

This is another factor that can cause a lot of problems if you are not thorough. Estimating the repairs that a property needs is obviously of great importance. Again if the numbers don't work out you won't be able to quickly sell the property for a profit.

This is another area that Wholesalers can only learn through education. The best way is to work closely with your Mentors. The good Investors will be able to estimate repairs very close to the actual costs.

Another way is to hire an inspector, review the final report in detail and ask the basis of their estimates. Learn what materials are needed and in what quantity. Pay a visit to your local home improvement warehouse and price out the materials. Talk to local contractors and find out what the going labor rates are. A lot of this information you can probably pick up at your REIA.

Develop a repair estimate worksheet to complete as you walk through the property. Divide the house into zones to make sure you don't miss anything. Your zones should at the very least include:

- Roof condition
- Exterior wall condition
- Ceiling condition
- Floor condition
- Interior wall condition
- Foundation condition
- Basement condition
- Kitchen condition
- Bathroom(s) condition
- Interior and exterior doors condition
- Windows condition
- Plumbing age
- Air Conditioner/Heating unit

- Electric panel type
- Driveway and side walk condition
- Pool and other special features

You can include comments about each category such as good, fair and poor. But you will also need to include a cost estimate for each category, and the basis. For instance, if you are estimating replacing the flooring your estimate is in square feet. For kitchen cabinets and counters you are measuring in linear feet. Know the cost basis for each zone.

There may be other things to check in your area, make sure you know what they are. For instance in Florida we have a lot of trouble with termites, and you have to know how to spot a problem. Missing a termite colony can cause your repair estimate to be low, and as a result your profit will be lower than expected.

It's also a good idea to include a 10% miscellaneous factor just in case you miss something. To be ultra safe include another 10% safety cushion. It's better to be conservative and have extra profit, than underestimating and coming up short.

Most Buyers at a minimum will want to replace the carpet and have a complete paint job done, both outside and inside. This makes the house much easier for them to sell to their retail buyers. So count on this in most of your estimates.

Negotiating the Deal

Yes you are going to have to sit down with your Motivated Seller and hammer out a deal. There is an art to negotiation, and what works for me may not work for you. You have to find a style that you are comfortable with.

For instance I'm not comfortable with the high-pressure, beat up the seller tactics. This works for some people, and may in fact work for you. Again, watch your mentor in action and see how he or she handles the seller. Can you mimic this style? Do you want to mimic this style?

Your style will probably be a work in progress and will develop with practice. Build trust with your seller and get to know them. Spend the first few minutes just chatting and breaking the ice. Try to find a common interest and build on that. Don't walk into their house and make an immediate lowball offer. They will most likely show you to the door.

I prefer the win-win approach. First and foremost be sure to let your Motivated Seller know that this is your business, your very livelihood and your goal is two fold:

1) Make a profit by buying this house
2) Help the seller out of a difficult situation

If both of these goals can be met then you have a win-win situation. It's not easy, as you will have to offer the seller far less than what they hoped for or work out some creative terms. This is where the art of negotiation comes into play.

Can you justify your offer? Why sure you can, if you have followed all of the previous steps. You know what the ARVs are for the area; you have the comps to prove it. You know what the repair costs are; you have the worksheet to prove it. On top of this you have to make a profit, which is calculated into your offer.

This lets the seller know that you are not pulling numbers out of thin air. The seller probably does not know the ARV or the amount of work it will take to get the property in a desirable condition for retail buyers.

Negotiating takes practice and you certainly can't be afraid of rejection, since the majority of your offers will be rejected. You have to keep emotion out of the equation and only make an offer that will yield the profit you need.

If you are able to negotiate an offer that is accepted then you and the seller will sign a contract to seal the deal. We will cover contracts a little later in the Volume.

My Offer Was Accepted, Now What?

Congratulations! But, your work is not finished yet. Just because the seller signed the contract does not mean the property has a clear title.

The title is evidence of legal ownership. When you buy a property, clear title is important to assure your right to resell the property to your buyer. A cloudy title will cause problems when it's time to sell the property.

Previous ownership and a title's "marketability" can be verified by a title search. A title search can be performed by your title company or closing attorney. A title search is a thorough research of the property's history and at a minimum looks for:

- Ownership
- Mortgages, fist, second, third etc.
- Judgments
- Liens, IRS, mechanics, homeowner associations, etc.
- Divorces, marriages, deaths
- Deeds
- Lis Pendens, foreclosures
- Easements
- Deed restrictions
- Taxes due
- Bankruptcy
- Any other items which can cause a cloud on the title

These issues have to be satisfied before the title can change hands. Your Title Company or attorney can usually clear up these issues. Some are more difficult than others, but you can count on incurring a fee to clear these items up.

Once you have an estimate to clean up the title you can determine your course of action. If the amount is small you may want to continue with the deal and absorb the costs, depending on how much cushion you have in the deal.

You also have the option of going back to the seller and ask that they pay to have the title issues cleared up to keep the deal alive.

A third option is to go back to the table and renegotiate. Get the price lowered accordingly, be sure to calculate the time you will spend getting the title clear.

If none of these options will work, then you can simply go back to the buyer and cancel the contract. Sometimes this is your best option. Better to waste a couple hundred dollars on a title search, than risk losing thousands by going through with a questionable deal.

Title search costs varies by location. Call a few title companies and/or attorneys and get some estimates. Promise to give them all of your title work and closing business, and they may offer you a discount for your title searches. If you do enough business with the

same company you may eventually end up getting your title searches for free.

You may also run across employees that work for title insurance companies at the courthouse. Sometimes they will do the title search for a much lower cost than going through their company.

You can learn to do title searches yourself. There are courses, which teach you how to trace the "chain of title". A person does not have to be licensed to perform this service, which is also known as "title abstracting." In fact my wife plans to learn the art of title abstracting. You can learn more at the link below.
http://www.titlesearch.org/index.php

Title insurance is another means of protection. Title insurance is an insurance policy to protect against defects in the title. If problems arise later the insurance company pays to clear up the problems. Make sure to check the contingencies, as some issues may be excluded.

This is a very general discussion on title issues and is just intended to acquaint you with the subject. You will need to research this area further before beginning. Your Mentors and local REIA are excellent sources of detailed information for your area.

Closing the Deal

Well let's see, you have found a Motivated Seller, done your property analysis, estimated the repairs, negotiated an acceptable offer, made sure the property title is clear, and have lined up a buyer (we will talk about buyers in the next section).

Now it's the day you've been waiting for, closing day. This is simply where the buyer and seller get together with the closing agent and sign all of the documents. With that the money changes hands and ownership is transferred. You have just made a nice profit!

What Are Closing Costs?

Just as the term implies, these are the costs associated with completing the transaction. Yes there are more fees to consider. The seller pays some of the costs and the buyer pays others.

Who pays what? That's a good question, and it can vary from state to state. Below are some common fees involved with purchasing a property, and who *typically* pays them. But remember, this is real estate and everything is negotiable!

The Seller is *generally* expected to pay the following.

- Real estate commission
- Document prep fee for the deed
- Document transfer tax
- Loan fees required by the buyer's lender
- Termite inspection (per contract)
- Loan prepayment penalties
- Home warranty (per contract)
- Repairs to meet inspection
- Judgments, tax liens, etc.
- Unpaid homeowner association dues
- Title insurance premium
- Delinquent property taxes
- Notary fees
- Escrow fees

The Buyer is *generally* expected to pay the following.

- Inspection fees
- Recording charges for all documents in the buyer's name
- Termite inspection (per contract)
- New loan charges
- Tax proration from date of purchase
- Homeowner's transfer fee
- Document preparation
- Interest on new loan from date of funding
- Assumption charges for taking over existing loan
- Home warranty (per contract)

Not all of these fees will appear in every transaction, but this gives you a good idea of what's involved.

Some Mistakes to Avoid

Here are a few common mistakes that can end up costing you money. Review and avoid them at all costs!

Paralysis of analysis – analyzing the deal to death and never taking action. Also includes reading book after book and never taking action. It's a very common reaction, and is used as an excuse not to get started. You always feel you are not quite ready.

Not investing in your education – we covered this in detail earlier.

Not making enough offers – you can't buy a property if you don't make offers. Most offers will be rejected, so you have to make a lot of offers.

Paying too much for properties – this can happen for a variety of reasons including bad comps and under estimating repairs. Your real estate jobbing experience should help you to avoid this one.

Relying on information from others – always do your own research, never solely rely on information from someone else, including sellers, buyers, real estate agents and other Investors.

Buying in the wrong area – know your market! If you buy in the wrong area selling will be very difficult.

Talking to unmotivated sellers – make sure your sellers are motivated before spending two or more hours with them. You can prescreen them during your initial call.

Failing to follow up on all leads – you have to return calls promptly and follow up on any lead that comes your way. You won't act on them all, but you won't know unless you follow up. Wholesaling, like real estate jobbing is a numbers game.

Let's Wrap it Up

Well, as you can tell from this brief overview the buying process can be complicated. That's why it's so important that you work with your mentor and local REIA to really understand it. One mistake can cost you big time.

Real estate jobbing again allows you to learn the ropes without risk. Make sure you use it to your advantage. Not only will you learn the ropes and how to avoid mistakes, but you will also get paid for your efforts! Can you think of a better way to get started in Real estate investing?

Next we will discuss wholesaling as a business in a little more detail.

Recommended Resources

"Making big Money Investing in Real Estate without Tenants, Banks, or Rehab Projects"

By Peter Conti & David Finkel

www.amazon.com

"Successful Real Estate Investing: How to Avoid the 75 Most Costly Mistakes Every Investor Makes"

BY Robert Shemin

www.amazon.com

REAL ESTATE WHOLESALING 101

The motto of most Wholesalers is, "buy cheap, and sell cheap." As a Wholesaler your mission is to lock up properties far under the after repair value, and then sell the property to your Investor buyer again for considerably less than ARV.

You may be wondering if you will have to quit your day job to become a Wholesaler. A wholesaling business can be operated in your spare time, with the use of good systems. Once you become a pro, it won't take very many wholesale deals each month to surpass your day job earnings!

As we mentioned earlier you will wear two hats as a Wholesaler. It's a bit more involved than jobbing. As a Jobber you find leads, turn them over to your Investors and you're done, until the property is purchased.

Now after you find the leads, you will become a buyer when dealing with Motivated Sellers, and then a seller yourself when dealing with your buyers. Because of this relationship sometimes you will need two of things.

For instance you will need two contracts; a buyer contract and seller contract. We will cover contracts in the next section, but just keep this in mind as you develop your wholesaling business.

Throughout this section I will make reference to my wholesaling system. I do this just to give you an idea of what to expect please

do not think this is the only way to do things. Obviously I can't cover wholesaling in one chapter, besides it is way beyond the scope of this Volume and this course.

At the end of this section I will make a few recommendations for some very good resources, which cover wholesaling inside out, and from top to bottom.

Flipping vs. Wholesaling

Flipping is good when you're making pancakes! But flip, has become a four-letter word in real estate investing.

What's the difference between flipping and wholesaling? When done legally and ethically there is no difference. Flipping has become a very politically incorrect word. There were a few people running numerous scams, and bilking lenders out of millions a couple of years back. Unfortunately they were using wholesaling principals.

The scams usually involved a person buying run down properties, making a few cosmetic repairs and then selling the property to a fictitious buyer within a few days. These homes were sold multiple times at higher and higher prices.

Eventually they would stop making mortgage payments, but by the time the lender figured out what happened, the debt far exceeded the actual value of the property. The property never had the necessary repairs made. So when the property was foreclosed the lender still suffered substantial losses.

You might wonder how this is possible. Well the sellers, buyers, appraisers and sometimes even lender insiders all worked together and split the profits. I don't know if you've ever worked for a large corporation, but I have. I can tell you most of the time the right hand does not know what the left is doing. So yes, this can easily happen.

These scams were labeled; "**flipping schemes**" by the media and naturally the word flip now has a negative persona. This obviously is not how your business will operate.

In a nutshell wholesaling can basically be boiled down to the following steps.

You buy a house way below market that looks something like the property below (as we saw in Volume 2):

You sell the house to one of your buyers still below market, but for a profit. Your buyer will in turn rehab the house, thus increasing its value to or above the ARV for the neighborhood. The house now looks like this:

It still needs some landscaping, but it has been rehabbed and made ready to sell. Your buyer then sells it to a new retail buyer for the going rate. It's win-win-win and perfectly legal.

So be politically correct …

…and refer to yourself as a Wholesaler!

Retailing Revisited

As we mentioned in Volume 1 retailing takes an advanced set of skills. But how do you think you get those skills? By working with your Mentors and buyers of course. Just as jobbing is a stepping-stone to wholesaling; wholesaling is a great stepping-stone to learn retailing.

You don't have to be one or the other. You can start by doing some partial rehabs.

For instance you can contract to have all of the flooring replaced and all of the painting done. If this is all the work the house needs you can sell it directly to a retail buyer, and make a much larger

profit. You may know how to do some of this type of work yourself, in which case your profits will be even bigger!

If you find this type of investing appealing, then start with the minor jobs and as you learn the ins and outs work your way up to complete rehabs. Retailing involves a lot more financial risks, but offers the opportunity for some huge profits.

Your Buyers

Who exactly are buyers? Buyers are typically retailer Investors who will pay you wholesale prices for your properties. Some of the Investors you work with will definitely be Retailers. You want to have at least one of these types of Investors as a mentor.

Remember, the only way to get good Mentors is to be an outstanding Jobber!

There are other ways to attract the attention of buyers. You can announce at your REIA meeting that you are looking for buyers for your wholesale properties. I'm sure you will receive a lot of business cards from Retailers.

Another way is to simply run a basic ad in one of the weekly-classified publications. Your ad might look something like this:

Handyman Specials!
All areas, low prices
www.REWholesaler.com
or call
(555) 123-456

You will probably get a lot of calls and/or visits to your website. Be prepared. You will get calls from non-investors looking for a cheap property that they can fix up themselves. No problem, find out the following:

What area of town are they looking for?
What type of property are they looking for?
What price range did they have in mind?
How much do they have to put down?

Tell them you will check with your partners to see what's currently available, and that someone will be in touch with them. Pass this information along to some of your Investors looking for tenants or retail buyers. If the property is sold you have just earned a referral fee for doing this!

But most of your calls will come from Investors. Let them know that you are just starting out as a Wholesaler and are looking for other Investors to wholesale your properties to. Retailers are always looking for new sources to buy from.

You will need to set up a profile for each buyer. Just like in your jobber business, you must know your buyer's preferences.

Remember, they probably have a particular niche that they are good at. Develop a form similar to your Investor Analysis form.

Buyer Information

Company Name

Contact

Phone **Fax**

E-mail **Website**

Closing Agent **Time Frame**

Property Types
- SFH
- MFH
- Condo
- Mobile
- Other

Will You Buy
- Pretty Homes
- Ugly Homes
- Fire Damage
- No Equity
- Existing Tenants

Other

Preferred Area of Town **Homes/M**

Preferred Price Range

Buying Requirements

Do You Buy With
- Cash
- HML
- Combo

Property Dispositions
- Rehab
- Sell
- Rent

Do You Buy Contract Assignm

Other Information

I also give my Buyers the option to sign up online. I let my website do as much as possible! My website form is shown below.

EZ Property Solutions

Real Estate Wholesaling

Buyer Profile

Company Name: _____ Contact: _____

Phone Number: _____ Fax: _____

E-mail: _____ Website: _____

Preferred Closing Agent: _____

Typical Closing Timeframe?: _____

Preferred Property Type (Check all that apply)

SFH: ☐
MFH: ☐
Condo: ☐
Mobile: ☐
Other: ☐ Please Specify Other: _____

At the Right Price Will You Buy?
Check all that apply

Pretty Homes: ☐
Ugly Homes: ☐
Really Ugly Homes: ☐
Fire Damaged Homes: ☐
Homes With Little/No Equity: ☐
Home With Existing Tenants: ☐
War Zones: ☐
Other:

Real Estate Investor Associations affiliated with:

CFIPA: ☐
Investors RESource Center: ☐
Others:

What areas of town do you prefer?

What is your preferred price range?

I capture all of the information that I can. I want to know what types of properties they prefer, and what areas they like to buy in. As you see below on the bottom portion of the form I find out about their buying strategies.

Buying Strategies (Check all that apply)

Cash: ☐
Lenders: ☐
Combination: ☐
Subject To: ☐
Short Sale: ☐
Lease Option: ☐
Other: ☐

Buying Parameters
LTV, Top Price, Min Profit, Etc

Property Disposition

Rehab & Sell: ☐
Rehab & Rent: ☐
Hold & Rent: ☐
Other:

Do you purchase contract assignments?
Yes ◉ No ○

Please include any other information that will help me understand your buying needs:

Set up a database, which contains all of this information about each buyer. You can then run queries to see who would be the best buyer for a particular property.

If you are unfamiliar with a buyer, don't be afraid to ask around and get references. You want to make sure your buyer can close, preferably with all cash. You don't want to get to the closing table and find out your buyer has no means to complete the deal.

It's best to line up your buyers before you actually begin purchasing properties. As you will see in the next section, once you sign the contract you will have a limited amount of time to turn the property over.

Every day counts so get as many, diverse buyers as possible to sign up with you.

Once you get a property under contract you will want to let your buyers know it's available. You can contact them, via e-mail, fax and phone. Develop a Buyer's Package that gives them all of the property details including:

The ARV
How the comps were determined
Estimated cost of repairs and a list of general repairs
A complete description of the property
Your selling price

If you have a website you can include pictures of the property, and even pictures of the properties you used for comps if you like. It's very easy to include the web address in your communication. As you know a picture is worth a thousand words.

The more information you provide the better.

Below is a sample webpage that contains a property that you might have for sale. It gives all the pertinent details about the property. It also includes the properties used for the calculation of the ARV. Now the buyers can do their homework and check out the specs of these properties. Because, like you they won't trust anyone else's information.

Since you have already done a complete analysis of the comps, of course the Investors will come to the same conclusions as you concerning the ARV. The repairs are detailed, so there won't be any surprises during your buyer's walk through.

EZ Property Solutions

Real Estate Wholesaling

124 W. Maple St.

This is a three bedroom, 2 bath single family home. It was built in 1979, and is concrete block with a front brick facade. There are 1,850 sq ft. The back yard is fenced in with a pool. There is also a 200 sq ft screen porch and a large back yard. It's in the Brandermill subdivision and Seminole county school district.

After repair value is $115,000. Total repairs of $11,000 are needed, as follows:

- Paint
- Carpet
- 1 bathroom remodel
- Kitchen cabinets
- 2 Interior doors
- Air con upgrade
- Screen replacement

Selling price is $74,900

Comparable area sales in the last six months:

429 N. Haneridge - $114,900

658 N. Brewbaster - $118,500

149 W. Maple - $116,000

740 S. Turtle - $113,500

Barry Grimes
Contact Me: barry@rewholesalor.com
Phone (407) 625-8247
Fax (702) 441-3160

Figure 4 - Website Wholesale Property

Do you think you will get some interest in this property? Yes, you will get more calls than you can handle!

You negotiated an excellent purchase price so there is ample room in the deal for you to make a profit, and the buyer should still yield about $29,000 after repairs.

Remember get your buyers lined up ahead of time, select the right buyer and the process will go much quicker and smoother.

How will you get paid for these deals? Well it will most likely be in one of two ways:

Through a double or simultaneous closing or by assigning the contract for a fee.

In a double closing you will again wear both hats. Let's use the 124 W. Maple example from above. Let's say the Motivated Seller sold you the house for $69,250, and you sold it to your buyer for $74,900. Assume the numbers used in this example are net of closing costs.

Everyone will meet at your closing agent's office. Your buyer will be in one room and your Motivated Seller will be in another. First you will wear your seller hat and close with your buyer. Your buyer has a certified check for $74,000 that the Title Company handles, and essentially your buyer now owns the property.

You then put on your buyer hat and go into the other room with your Motivated Seller. The Motivated Seller gets a check for $69,250, and you get a check for the difference of $5,650.00!

Of course this is a simplified example, and the process can get much more complicated, but I think you understand the basics involved.

You can also sell the contract directly to your buyer for an assignment fee. You are then out of the equation and your buyer will be responsible for the closing.

This is perfectly acceptable as long as it's spelled out in your contract. You simply meet with your buyer, and bring along an

"Assignment of Contract" agreement. If you and your buyer agree to an assignment fee of $5,000, then the agreement would look similar to that in the figure below.

ASSIGNMENT OF CONTRACT

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, Joanne Jobber, ASSIGNOR, sells and transfers all right, title and interest in and to specified within this agreement dated the 23 day of January, 2004, to ASSIGNEE Billy Buyer.

For the consideration of the sum of $5,000 and other good and valuable consideration in hand paid by Assignee is acknowledge by Assignor and hereby remise, release all right, title, interest, and claim to the following described lot, piece or parcel of land, situate, lying and being in the county of Seminole, State of Florida, known by street and number as 124 W. Maple St.

Figure 5 - Sample Assignment of Contract

Not all buyers will buy on assignment; this is where your profile comes in handy.

In a simultaneous close your buyer will not know how much you paid for the property, but you may have to pay two sets of closing costs. Obviously when you assign the contract the buyer will know the purchase price, since they are in essence buying your rights in the contract.

Marketing for Wholesalers

We talked about marketing to find buyers to work with. In this section you will put on your buyers cap and market to find Motivated Sellers. It's really not all that different than marketing in your jobbing business. As I mentioned earlier you'll have less time so you will use more paid sources.

It's important to have a system in place in order to maximize the time you have available to work on your business. I will again reference examples from my system just to give you ideas.

Pay attention to your mentor's marketing system. Review the marketing systems from the resources that I recommend. Rely on your own jobbing experience.

It's very difficult to just take…

… a cookie cutter approach, implement it word for word, and have it work perfectly for your business. There will be varying degrees of success for each method that you try.

You have to test, test, test and test some more. Track your results and determine what is most effective. Once you determine this you can begin to customize a system that works well for you. Then just follow your system and tweak as necessary. You will be amazed at how much more productive you are following a system.

You will probably find yourself borrowing from several sources to arrive at the system that works. Don't be afraid to experiment. Monitor your funds and figure out what works best. Remember what happens if you don't market your services?

Absolutely nothing!

I have a few primary marketing sources, some secondary marketing sources and I also use some third party sources. Sounds a bit like marketing in your jobber business, doesn't it?

Primary Marketing Sources

My primary marketing sources are direct mail, classified ads and bandit signs. This section should give you a few ideas, but make sure to experiment and find out which sources have the best payoff for you.

For my direct mail campaign I use primarily postcards. There are several reasons why I use postcards including:

- They take less prep time, no folding, stuffing or sealing.
- They are more likely to be read than letters.
- They are less expensive than producing letters.
- You can get away with inexpensive address labels.
- The postage is 38% cheaper than letters.

I mail to every lead at least four times. Follow up mailings will greatly increase the number of responses. Motivated Sellers get

bombarded initially with letters and postcards, but many Investors won't send follow ups. The second, third and fourth mailings will breed familiarity and help build trust.

I will cover my direct mail system a little later.

Don't expect a huge response that results in a deal. If 1 to 2 percent of your mailings lead to a deal, then you are doing pretty well. If you constantly send out 200 to 400 postcards a month you are bound to land several appointments and some deals.

I make my own postcards. The slick color postcards are great, but you really don't need anything fancy for an ongoing direct mail campaign. If you have word processing software and a decent ink jet printer you can make your own postcards too!

You can use the 602 Text software included in your Biz Toolz. Use the table feature and create a table with 2 rows and 2 columns. It will look like this.

You can now type in the text for your postcard in one of the cells. Once you have it just the way you want it, copy and paste it to the other three cells. You will have to experiment and make sure the page is divided into four equal sections.

Your finished template should look something like the figure below.

Figure 6 - Sample Postcard Template

You will get four postcards per page. Also it's very easy and inexpensive to create several different postcards. Just change your message, copy and paste, and just like that you have a new postcard template.

To qualify for the reduced postage rate your postcards must be between 3.5 and 4.25 inches high and between 5 and 6 inches long. Guess what? An 8.5 by 11 sheet of paper yields four perfect 4.25 by 5.5 postcards!

The postcards also have certain thickness requirements. I use 110-pound weight card stock paper. You can get it at most office supply stores. It comes in a variety of colors and cost about $10 for 250 sheets. I know you're reaching for your calculator! A single pack of paper yields 1,000 postcards, which equates to about a penny per postcard. I like the bright attention grabbing colors.

Next you print out the postcards. My Epson Stylus CX 5200 does a great job. To make sure the thick paper does not jam I feed the sheets one at a time. It takes less than 5 minutes per week to print all of my postcards.

You will need a decent paper cutter to evenly cut your postcards. You have to cut them in half both horizontally and vertically.
I use a Fiskars 12" Rotary Paper Trimmer (about $40 at most craft stores), well actually it belongs to my wife and she uses it for her craft projects. But, she lets me borrow it now and then!

As you can see there is a built in ruler for accurate measurements and a bar that locks down on the paper to hold it still during the cut. I can make both cuts on 25 pages (100 postcards) in about 10 minutes. Once you know the marks to use it's a breeze.

Now you simply stick on the 23-cent stamp, add the address labels, and I also rubber stamp, "We Buy Houses" or "I Want to Buy This House" on each postcard. I buy the stamps in rolls of 100 and they are self-stick. Yeah, no more stamp licking!

Drop them off at the post office and you're done, until next week. The entire process takes about 45 minutes each week to produce 50 to 100 postcards.

My daughter does a lot of my postcard work for me. Although it does not take that much time, it allows her to begin learning the business and earn some extra money. Paying your children to help in the business can be tax deductible, be sure to check with your CPA to see if it applies to your business.

A sample of the finished postcard is shown below.

Figure 7 - Sample Postcard

I will send letters for specialized leads such as: out of state or out of country owners, abandoned property owners, and two of my bankruptcy mailers are letters.

I want to make sure the bankruptcy leads understand that bankruptcy will not stop foreclosure, and also let them know they can still loose their home after the bankruptcy is final.

When I send letters to Motivated Sellers I always handwrite each envelope, and use a soft personal stationary. I don't want to project a big uncaring corporate image. I want them to know I understand their situation and may have a solution for their problem.

My second primary marketing source is classified ads. Volume 2 covers classified ads pretty well, and there is really not much more to add. I still look for unusual sources to advertise in. I have two local favorites that I use, and most of the time I'm the only Investor advertising in these publications.

One of the publications is weekly and the other is monthly. A business card sized ad in the weekly is $130 per month, and the monthly is $60.

We Buy Houses
Any Area **Any Condition **Any Price
No Equity? – No Problem!
No Commissions **Close Quickly
www.HomeSOS.com
or
Toll Free (866) 569-1659 Ext 3
24 Hour Recorded Message

HELP WANTED: European Motor Service is hiring MECHANICS & MECHANIC APPRENTICES. Both Full & Part Time positions available. Pay is based on exp. Apply in person, European Motor Svc., 850 N. Hwy. 17-92, Lgwd. Call [redacted].

CHICAGO COFFEE CLUB: Are you from Chicago? Do you like coffee? Meet Lk. Mary Starbucks. [redacted]

Figure 8 - Sample Classified Ad

The combined circulation is only about 30,000, but these are 30,000 homes directly in my target area. I will discuss target areas a little later.

I also advertise in the county newspaper, which is published in different areas of the county three days a week. It's inexpensive with a small, but targeted circulation.

278-HANDY MAN

Maintence Folks
Htg & A/C Repair
Irrigation/Pressure Wash
Painting /Ceramic Tile
Refinish Cabinets
General Plumbing & Electric
Repair Licensed & Insured
All [redacted]irs
[redacted]6

301-REAL ESTATE

We Buy Houses
All areas & any condition
Have a problem house?
We take over payments
No equity, no problem
Avoid foreclosure
No commissions.fees
We put cash in your pockets!
Free reports at:
www.HomeSOS.com
Call Barry at 407-625-8247

When you purchase a classified ad you are paying primarily for circulation, but be sure to ask about the penetration in your target area. If you plan to service the entire city or county then this will be less important.

Sometimes I advertise in the Thrifty Nickel and other less targeted classified publications. A basic ad is very inexpensive sometimes as little as $10 per week.

These sources are not as targeted as the other publications, but if I get a call from an area of town that I'm not interested in; I will put my Jobber hat on and pass the lead along to a colleague. I never

advertise in the daily paper it's much too expensive for the results that I got.

You can use the sample Investor ads in Volume 1 to get some more ideas.

Classified ads may not yield immediate results, but you have to stay the course. Experiment with different wording, but keep your classified ads alive. Make sure you use the most productive sources. Remember, it only takes one sale for an ad to pay for its self many times over.

My final primary marketing source is bandit signs. I struggled with this one for a while, because it's technically illegal. So I can't suggest you use this method until you have checked out your local regulations regarding bandit signs. I will say that many Investors (and other businesses) have bandit signs displayed all over town.

I only place the bandit signs in my target zones, and I'm careful not to put them too close together. I use the metal "H" post or wood stakes. I do not tape or staple them to street signs, telephone poles or other public property.

I have not received a direct complaint yet, although several signs have disappeared. This is partially because I'm careful and partially because I sometimes use a toll free number, which is harder to track. I will discuss toll free numbers later.

I don't put up new signs every week, but when I have time I will pick some of the signs up on Sunday night, and then replace them in the same spot the next Friday night. It's a great and relatively inexpensive way to drum up business in your target area.

The smaller 12"x18" signs are a little less intrusive than the larger ones, but placed in the right locations will still get as much attention. You can get 100 of these signs for about $150. Here are a couple more sources.
http://www.signsareus.com/
http://www.dirtcheapsigns.com/

Please check your local regulations and weigh the possible consequences before using bandit signs.

Real Estate Jobbing Volume 5

Secondary Marketing Sources

My secondary marketing sources are more of the sources that we covered in Volume 2. These sources include magnetic signs, business cards, placemats, flyers, doorknob hangers, letters to professionals, etc. I use the exact same strategies that are detailed in Volume 2!

Door hangers are another great way to canvas neighborhoods and promote your business, in your target area. I use a doorknob hanger (product #8258) from Nebs Business Forms.

This hanger includes a detachable business card, which is a great feature. 1,000 doorknob hangers will run about $103. A sample is shown below, which you can order from Nebs' website.
http://www.nebs.com/

Doorknob hangers are also great when you come across FSBO, FRBO, vacant and ugly houses. Just hang it on the doorknob and move on.

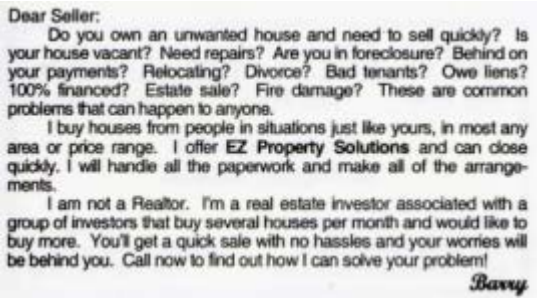
As a Wholesaler I use two business cards. Remember, you are wearing two hats. I have one business card that I give to perspective Investor buyers and a different business card I give to Motivated Sellers.

This is just my way of doing things, and certainly is not required. I prefer to target my cards to my audience. My Wholesaler business card is free (except for shipping) from vista print. My Motivated

Seller business card is the typical bright colored Investor card, with my business information on the front and a message on the back.

I have these cards printed by a local printer, in fact it's the preferred printer of our REIA, and I get a discount! 1,000 cards run about $60, and I give them away freely. You can also buy them on-line as I mentioned in Volume 2.

Both of my business cards are shown below.


Dear Seller:

Do you own an unwanted house and need to sell quickly? Is your house vacant? Need repairs? Are you in foreclosure? Behind on your payments? Relocating? Divorce? Bad tenants? Owe liens? 100% financed? Estate sale? Fire damage? These are common problems that can happen to anyone.

I buy houses from people in situations just like yours, in most any area or price range. I offer **EZ Property Solutions** and can close quickly. I will handle all the paperwork and make all of the arrangements.

I am not a Realtor. I'm a real estate investor associated with a group of investors that buy several houses per month and would like to buy more. You'll get a quick sale with no hassles and your worries will be behind you. Call now to find out how I can solve your problem!

Barry

Leave your Motivated Seller business cards wherever you go like restaurants, gas pumps, grocery store bulletin boards, etc. I leave them in the men's restrooms and my wife and daughter leave them in the women's restrooms. Hey, you never know where you'll find a Motivated Seller!

You can also find some inexpensive promotional items to give away that features advertising for your business. My favorite is ink pens, they are very inexpensive and people will always use them.

Other inexpensive personalized items are house shaped key chains, coin pouches, mini flashlights and wearing apparel. A great source for these items is the National Pen Corp.
http://www.pens.com/pens/default.aspx

Third Party Marketing Sources

I use a few third party sources to get to leads that are too time consuming to get myself. These third party companies are highly specialized and highly effective, in other words they deliver a lot of bang for the buck.

In my area we have a couple of excellent sources for getting preforeclosure leads. These companies have people camped out at all of the county courthouses in the area. They gather information from all of the foreclosures that are filed each day.

They include a ton of information in their service such as plaintiff(s), defendant(s), mortgages, equity, judgments and any other liens on the property. The cost is $800 for a year for one county. To get all seven counties it runs $2,900.00 for the year.

The foreclosure case files can be downloaded from the website. As you can see this is a very valuable service that can save you considerable time.

If there is no one currently providing this service in your area, then it could be a goldmine for your jobber business. Even if this service is available you may be able to provide it cheaper for your Investors.

Initially I still recommend learning how to do the preforeclosure research yourself, as described in Volume 2. When you step up to the next level subscribing to a service like this may make sense. But, don't forget to see if there are any Jobbers to help you out!

As described in Volume 2, I also use Warnock's By Owner. Their database allows me to follow up on old FSBO properties, which of course are now potentially very Motivated Sellers.

When you run across a vacant property and can't track down the owner, then FindTheOwner.com might be the answer to your problem. This is a top-notch skip trace service, which can track down almost anyone. If they don't find any records then you don't pay.

A single search is $25 or you can buy in bulk and get 100 searches for $995. Obviously you want to feel pretty good about the lead before going to this expense.

Check them out at:

http://www.findtheowner.com

Database Goldmine!

I consider my database to be…

… a goldmine of information!

I maintain it religiously. Similar to the Master Lead Log in your jobber business; I maintain a master database for my direct mailings. Direct mail is one of my most important marketing sources. As a result I take great care to streamline my system so I can use it most effectively.

I have a log for each type of lead that I direct mail to, such as; absentee owner log, divorce log, drive-by log, code violation log, bankruptcy log and so forth. I record every lead in these logs. My logs are actually spreadsheets. See the example below.

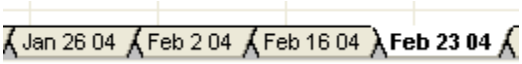
	A	B	C	D	E	F	K	L	M	N	O	P	Q	R
1	F Name	L Name	Street Add	City	State	Zip	Sub	Building T	Lead Type	Notes	1st Contac	2nd Conta	3rd Contac	4th Contact
2	DEBORAH	MYERS	391 JASM	CASSELE	FL	32707	QUEENS	01-SINGLE	Divorce		2/16/04	3/16/04	4/16/04	5/16/04
3	ROSEMAI	KAHANEI	1033 E PE	WINTER S	FL	32708	COUNTRY	01-SINGLE	Divorce		2/16/04	3/16/04	4/16/04	5/16/04
4	ROYCE J	KAHANEI	205 OAK I	CASSELE	FL	32707	SUNSET (	01-SINGLE	Divorce		2/16/04	3/16/04	4/16/04	5/16/04
5	MAHMOU	SABRKHA	500 SR 43	CASSELE	FL	32707	NORTH O	01-SINGLE	Divorce		2/16/04	3/16/04	4/16/04	5/16/04
6	THOMAS	HEFFING	215 LAKE	SANFORD	FL	32771	NORMAN	01-SINGLE	Divorce		2/16/04	3/16/04	4/16/04	5/16/04
7	MANOLO	GARCIA	6903 OAK	SANFORD	FL	32771	GLADES	01-SINGLE	Divorce		2/16/04	3/16/04	4/16/04	5/16/04

Figure 9 - Sample Divorce Log

This is from my divorce log. Each week I look up the divorces and record them in the log. I follow up at least four times, which is tracked by the information in columns O, P, Q and R. You can see from the spreadsheet that for divorces I follow up once a month, for 4 months.

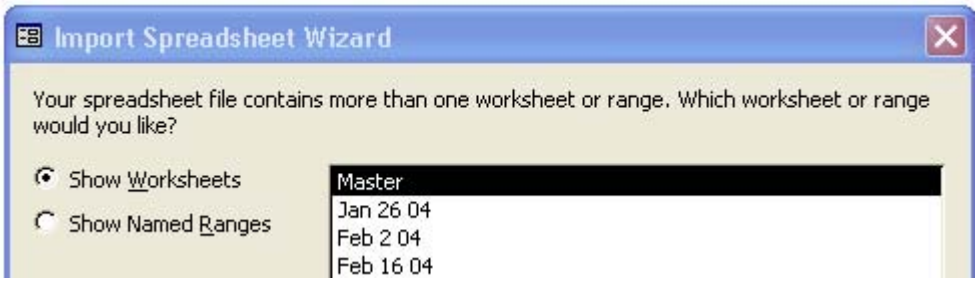
I always send at least 4 postcards to each lead type. The timing will vary. For instance I only send once every three months for absentee owners, while I send every other week for pre-foreclosure leads, and once every two months for bankruptcy.

I repeat this process for each lead type, including adding the mailing dates. In the log, each week is a separate work tab; this allows me to track my leads by the week.



In the above example you can see how I set up a new work sheet for each week. The worksheets contain only the leads for that week. This way I can easily transfer the data from each log to my master database, which I created in Microsoft Access.

I use Access to import the data from each log into the database, and now the data is all contained in one location. This is equivalent to your master lead log.



The Access spreadsheet wizard is shown above. Notice the worksheet names match the tabs from above. I then simply click the week of data I want to import, and presto that data is added to my direct mail database.

A screen shot from my master direct mail database is shown below. Notice that it looks exactly like the individual logs, except it has every lead type included.

F Name	L Name	Street Address	City	State	Zip	Lead Type	1st Contact	2nd Contact	3rd
123 DONNA CIF	HUGHES	123 DONNA CIF	SANFORD	FL	32773	BK	3/15/2004	5/15/2004	
AGNES	KARDOS	1228 PEACHTR	DAYTONA BEA	FL	32114	DV	3/15/2004	4/15/2004	
ALAN D & LIND	KREKEL	990 PATRICIAN	OVIEDO	FL	32765	DV	2/16/2004	3/16/2004	
ALBERT & WAI	DAGHER	3820 EMERALD	APOPKA	FL	32703	DV	2/16/2004	3/16/2004	
ALEXANDER	CHAGNON	538 PLUMOSA	SANFORD	FL	32771	AO	3/8/2004	6/8/2004	
ALFRED G & J/	PENNINGTON	132 GLENDALE	LONGWOOD	FL	32750	AO	3/8/2004	6/8/2004	

Figure 10 - Direct Mail Database

I can now run a report to select the records that I want. I set the query to pull all records for whatever week I'm mailing. I can run separate reports for each of my follow up postcards, just in case I want to send a different postcard for the second, third and fourth mailings.

I can then use the mail merge function of my word processor to get the information from my query, which will be used for the mailing labels.

«F_Name» «L_Name» «Street_Address» «City», «State» «Zip»	«Next Record»«F_Name» «L_Name» «Street_Address» «City», «State» «Zip»	«Next Record»«F_Name» «L_Name» «Street_Address» «City», «State» «Zip»
«Next Record»«F_Name» «L_Name» «Street_Address» «City», «State» «Zip»	«Next Record»«F_Name» «L_Name» «Street_Address» «City», «State» «Zip»	«Next Record»«F_Name» «L_Name» «Street_Address» «City», «State» «Zip»

Figure 11 - Sample Mail Merge Labels

The figure above is of a raw mail merge document. The word processor will then go to my query and replace the bracketed fields with the data from the query. The results of the mail merge are shown below.

WILLIAM E & MELISSA BISHOP 12761 98TH ST N LARGO FL, FL 33773	CHER CORBITT 221 BITTERWOOD ST WINTER SPRINGS, FL 32708	WIGGERS WIGGERS 4557 JUNCTION DR MIDDLEBURG, FL 32068
GEORGE K & MARY ACKER 1667 SPICEWOOD LN CASSELBERRY, FL 32707	PAUL E & MARILYN G SHAFER 21733 OTIS WAY LAND O LAKES, FL 34639	WILLIAM CROWTHER 348 PIONEER LN ANDERSON, SC 29625

Figure 12 - Sample Labels After Mail Merge

I then simply print this information onto standard Avery 8160 mailing labels.

This may seem complicated on your first read through, but I have it down to a science, or should I say a system. I can easily prepare and mail my 50 to 100 pieces in under an hour each week.

You may also notice that you are not tracking nearly as much information as in your jobber business. In your jobber business you want to supply your Investors with as much information as possible.

This serves two purposes; first and foremost it gets you familiar with the public records and the property information that is needed. Since you have more time in the early stages of your business, this is an excellent way to learn the process. Secondly it decreases the Investor's time when they want to act on your leads. Believe me, they will appreciate your hard work!

As a Wholesaler you won't collect the detail information until you are sure you want to pursue the lead. You just simply won't have time to pull the details for every lead that you come across.

Experiment and find a system that you are comfortable with. After you repeat the process a few times and continue fine-tuning it, soon you will be able to work your system…

… wearing a blindfold!

Your Target Service Area

Also called your farm area. You will want to find an area that you work in regularly. This is an area of town where you will become an

expert. You will eventually know the ARVs like the back of your hand.

As a Jobber it's still best to start out covering a large territory looking for all types of leads for your Investors. This will help you to decide what area you want to farm. Don't make your farm area too far away from home.

I live in a fairly large seven county metropolitan area. My level 1 target area is one of these counties. My level 2, or more targeted area is an 11-mile long, 3-mile wide stretch of the county.

In this 33 square mile area there are thousands of landlords, and I consider them all to be potential motivated sellers! The price range is anywhere from $5,000 junkers to $200,000 nicer homes. Most are typical working class single-family homes. It helps that I also live in this area.

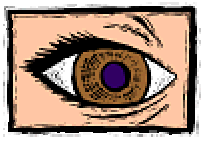
I have divided my level 2 target area into five zones. The zones are simply based on certain cross streets. It's my way of making my target area even more manageable.

Each weekend I try to do drive-bys in one of the zones. I rotate through all of the zones in a five-week period. Since I'm only driving through a particular zone once every five weeks there are usually new FSBO or FRBO properties that I can add to my database.

My level 1 target, which encompasses the whole county, has every type of property imaginable. My direct mailings go out to my entire level 1 target area. My routine drive-bys, signs, flyers, doorknob hangers, etc go only to my level 2 target area.

My daughter and her friends will sometimes do drive-bys in the other areas of the county. I give them gas and fast food money, and they're happy. Plus, if they find a good lead it can mean $500 to split!

The more eyes you have out there looking for properties the better.



In the figure below my level 1 target is the entire county, which is colored green. My level 2 target area is divided into the six multi-colored zones.

Although it's not to scale I'm sure you get the idea. I pick out a small area to become an expert in. The blue zone is a little larger because there is a lot of commercial real estate mixed in with the residential, thus I can cover this zone quicker.

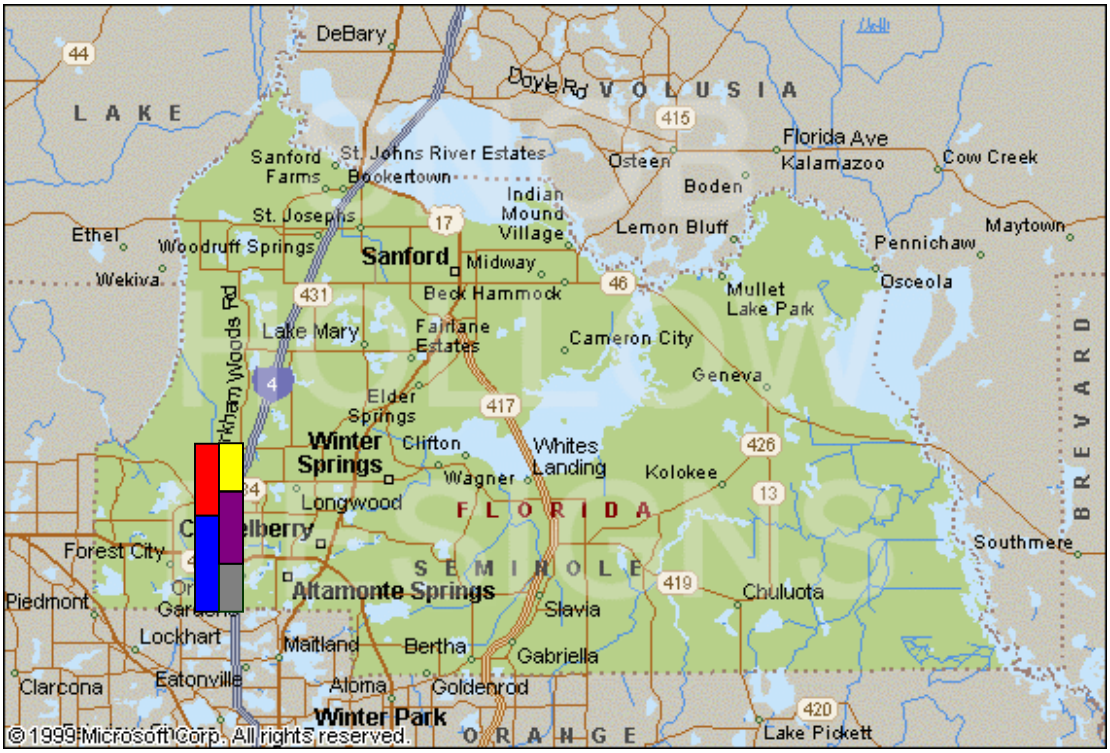


Figure 13 - Barry's Target Area

I suggest that you find a target area to concentrate on. Make sure it's not too large to manage. Feel free to experiment with the zone method I use, and see if it works for the area you want to cover.

A Few Final Marketing Thoughts

If you are marketing aggressively you will get a lot of calls. A great deal will be Non-motivated Sellers who are just curious about your business. To avoid wasting your time with these people I suggest setting up a toll free number, with a professional answering service. This will help to screen your calls.

A good service will offer multiple extensions and deliver a pre-recorded message that gives people an idea of what your business

is about. This also helps for your advertising. You can include a different extension in your various types of ads.

For instance a direct mail campaign will have extension 1, a classified ad can have extension 2, your flyers could have extension 3 and so on. You can obtain reports of how many calls you received at each extension and get the phone number of everyone that called.

Don't forget how important it is to track your advertising costs and results; this is an excellent tool to help do that. I use the ProQuest Voice Mail System. It comes with 9 extensions and great reporting capabilities. The scripts are pre-recorded by a professional and are specific to real estate investing.

The cost is $14.95 per month, plus 10 cents a minute, billed in 6-second increments. For more information please click on the link below.
http://www.resultsnow.com/p16.html

That's a quick look at wholesale marketing. Again use some of my suggestions, systems and examples to generate ideas of your own. This is one of the most important parts of your business. You have to be able to market effectively to make your business thrive.

Although I did not spend a lot of time in this section on Real Estate Jobbers and Network Contacts, it goes without saying to use the services of these people whenever possible.

Real Estate Jobbers will have their own marketing system, which you can help develop and then have it work for you. Be available as a mentor and pay your Jobbers and Network Contacts well.

Real estate jobbing is an excellent way to get started. As you have probably noticed the techniques you use, as a Jobber will continue to serve you as an Investor. Be prudent, but don't skimp on marketing, because your investment should be returned many times over. Be creative and take your business to the next level!

Your Offer

With all of the great marketing you will be doing it won't be long before you are face to face with a Motivated Seller. This section will cover some of the considerations that you must have when coming up with an offer.

We talked about figuring out the after repair value of the property and estimating the repairs needed to bring the property to ARV. Now let's put it all together and see if we can formulate an offer that will work for the Seller, your Buyer and you.

The Magic Formula

There is a fairly accepted offer formula that many Wholesalers strive for:
Offer Price = 70% x ARV less Repairs less Your Profit

Let's assume the property has an ARV of $100,000, needs $5,000 in repairs and you want to earn $5,000 for the transaction. Your offer based on this formula would be as follows:

$100,000 x 70% = $70,000 less $5,000 less $5,000 = $60,000 for your offer price. You would hopefully buy the house for $60,000 and then sell it to your Investor for $65,000, who will make the repairs and sell it to a retail buyer for $100,000.

Let's take a look at a simple example to help you understand the mechanics, starting with the after repair value.

Say you want to buy a property located at 113 Mill Run Drive. The property appraiser record is below.

Property Address: 113 MILL RUN DR
Subdivision Name: GREENWOOD LAKES UNIT 2
Dor: 01-SINGLE FAMILY

Land Value Ag: $0
Just/Market Value: $124,376
Assessed Value (SOH): $124,376
Exempt Value: $0
Taxable Value: $124,376

SALES

Deed	Date	Book	Page	Amount	Vac/Imp
WARRANTY DEED	05/1982	01392	0820	$77,500	Improved
WARRANTY DEED	07/1980	01287	0050	$82,700	Improved
WARRANTY DEED	09/1978	01198	0156	$33,600	Improved

Find Comparable Sales within this Subdivision

2003 VALUE SUMMARY

2003 Tax Bill Amount: $2,010
2003 Taxable Value: $117,253
DOES NOT INCLUDE NON-AD VALOREM ASSESSMENTS

LAND

Land Assess Method	Frontage	Depth	Land Units	Unit Price	Land Value
LOT	0	0	1.000	21,000.00	$21,000

LEGAL DESCRIPTION PLAT
LEG LOT 4 BLK D GREENWOOD LAKES UNIT 2 PB 22 PGS 2 & 3

BUILDING INFORMATION

Bld Num	Bld Type	Year Blt	Fixtures	Gross SF	Heated SF	Ext Wall	Bld Value	Est. Cost New
1	SINGLE FAMILY	1978	6	2,282	1,766	CB/STUCCO FINISH	$102,123	$114,104

Appendage / Sqft OPEN PORCH FINISHED / 60
Appendage / Sqft GARAGE FINISHED / 456

Figure 14 - Sample Property Record

It's a single-family home with 1,766 square feet. Some other recent sales for the neighborhood are shown below.

Property Address	Book	Page	Sale Date	Sale Amount	DOR	Bld	Yr Blt	Sq Ft
112 MORNING GLORY DR	04667	0920	01/2003	$135,000	SINGLE FAMILY	1	1979	1,766
128 MORNING GLORY DR	05041	0548	08/2003	$153,000	SINGLE FAMILY	1	1980	1,830
161 MORNING GLORY DR	04985	1962	08/2003	$152,500	SINGLE FAMILY	1	1980	1,766
165 MORNING GLORY DR	05045	0302	09/2003	$177,000	SINGLE FAMILY	1	1980	1,766
185 MORNING GLORY DR	05150	1295	12/2003	$123,600	SINGLE FAMILY	1	1980	1,344
117 YEARLING DR	04744	0023	02/2003	$140,000	SINGLE FAMILY	1	1979	1,503
168 MILL RUN DR	04839	0738	05/2003	$60,000	SINGLE FAMILY	1	1981	1,751
164 MILL RUN DR	05097	1681	11/2003	$157,000	SINGLE FAMILY	1	1979	1,918
495 MORNING GLORY DR	05061	0404	10/2003	$124,500	SINGLE FAMILY	1	1979	1,790
133 MILL RUN DR	04873	0285	05/2003	$149,800	SINGLE FAMILY	1	1979	1,918
169 MILL RUN DR	04909	0365	06/2003	$30,400	SINGLE FAMILY	1	1979	1,855
173 MILL RUN DR	05080	1530	06/2003	$148,000	SINGLE FAMILY	1	1980	1,464

Figure 15 - Sample Comps

Your research indicates that in top condition your buyer can sell the house for $85.37 per sq. ft. or $150,800. During your inspection you estimate repairs of $12,000, which includes your 20% cushion.

You want to make an 8% profit on this property. Now your target offer will be $81,560, calculated as follows:
$150,800 x 70% = $105,560 less $12,000 (repairs) less $12,000 (your profit) = $81,560.

Now it's your job to get the seller to accept your $81,560 offer. This is where your negotiating skills will come in handy. Obviously this deal is not for everyone, you have to be dealing with a truly Motivated Seller to have this offer accepted. They are out there, but it's up to you to find them or figure out a way for them to find you.

This formula is not written in stone. The numbers in the formula can change depending on your buyers and the profit you want to make. You may have some buyers who will do a deal at 75% or 80% of the ARV; I know I have some. If you are willing to take a little less profit, then you can make a higher offer.

But the fact remains it is a numbers game, and you have to make the numbers come out appropriately. It's this simple, if your offer is too high, then there won't be enough profit to make the deal attractive to your buyers. Then **you** become the Motivated Seller!

Know your buyers, know your numbers and don't buy a property that does not allow your formula to work out. If your seller won't agree to an offer that works for you, they are not truly motivated yet. Thank them for their time, leave your card, part as friends and move on to your next appointment.

It's business not personal. In fact it's *your* business, and if you don't buy profitable properties, you will soon be *out* of business.

Websites Revisited

We covered building your jobber website in great detail in Volume 4, and those principles will serve your real estate investing business well. I won't spend a lot of time on it, but I want to reiterate the importance of getting your website up and running as soon as possible.

Once again I wear two hats in my wholesaling business. You guessed it, I have two websites! Again, I want a targeted message

to reach my customers. The cost is very inexpensive and it takes very little time for set up and maintenance. Why not have two?

Below is a partial screen shot of my wholesaling website, which targets my Investor buyers.

EZ Property Solutions

Real Estate Wholesaling

Property Deals for Real Estate Investors!

My name is Barry Grimes and my wholesaling goal is to bring you excellent deals. I am looking to buy properties all over town that meet the pricing and other needs of your buying strategies.

One Size Does Not Fit All

I don't believe in a cookie cutter or one size fits all approach. That's why I will strive to only bring you deals that fit your buying profile. I want to save you time and build a long term relationship.

Properties to Meet Your Needs

Figure 16 - Wholesaler Website

Buyers can complete my online profile form, which gives me all of the information I need to set them up in my database. The data from the form is automatically e-mailed to me. I call everyone that completes the form to make sure they agree with my philosophy. A partial look at my online buyer profile form is shown below.

Figure 17 - Online Buyer Profile Form

My website is the central point of contact for my buyers. They can view pictures of properties, learn the property facts and even make an offer on a property that I have under contract. It works for me 24 hours a day!

My Network Contacts and Jobbers can also submit leads to me through this website.

I chose the name rewholesaler.com (like in **r**eal **e**state wholesaler) because it's what I do. It's short and easy to remember. Even though my LLC is called EZ Property Solutions, I wanted a domain name that was descriptive of the service that I offer. Remember our discussion on domain name selection? Make sure you put it in action.

My other website targets Motivated Sellers. I don't want to intermingle my buyers and Motivated Sellers. I have a specific message for each group of customers. You can see a partial screen shot of my Motivated Seller website below.

Figure 18 - Motivated Seller Website

I chose the name HomeSOS.com for this website. Again it's catchy, short and easy to remember. It works well on my bandit signs and in my classified ads. I also offer interactivity on this site. I have a consultation request form that my visitors can complete, and schedule a free consultation.

It gives me a great deal of information about their property and situation. It's non-threatening and allows people to complete the form anonymously. They don't feel nervous or pressured.

Remember, they probably have significant financial problems and will be reluctant to share information with people they don't know and trust.

Just because they have a few problems does not mean they don't still have pride. They may just be going through a short-term hardship and need a little help.

You can see part of the form below.

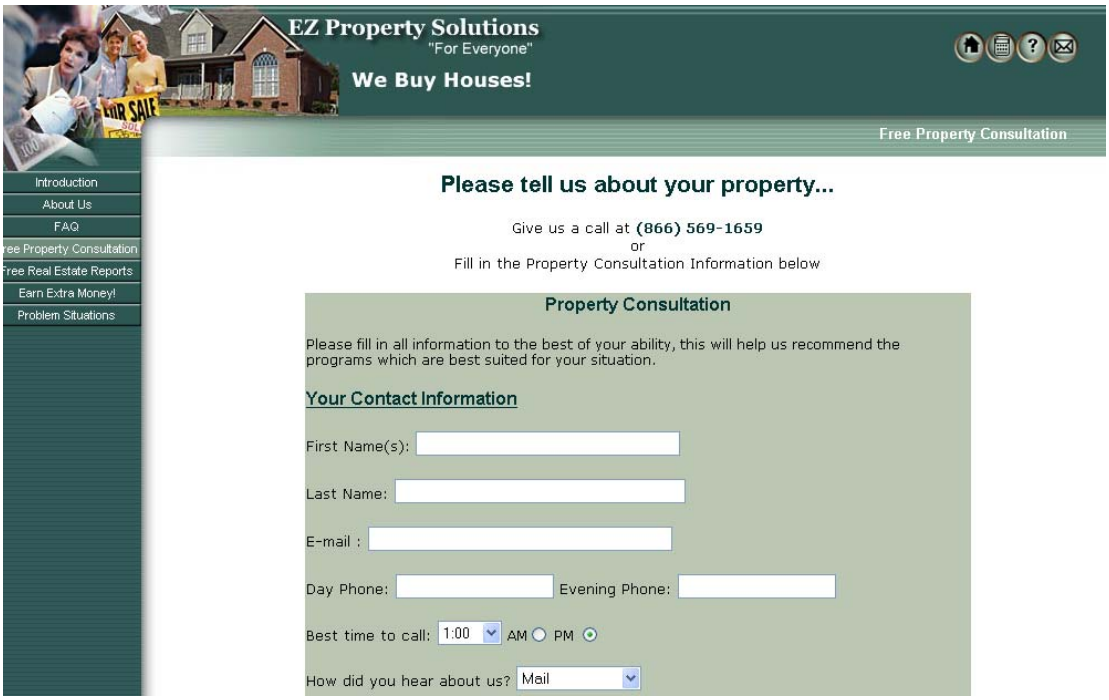


Figure 19 - Online Property Consultation Form

I also offer a free report on the effects of foreclosure in Florida, and a couple of other free reports. I suggest you offer one or more free reports on your Motivated Seller website. These reports also serve as gentle advertising for your business.

There are some canned free reports in Appendix A. You can customize these reports for your business. Add a personal touch that makes it valuable. You can simply have the report available online, or set it up to be downloaded from your website.

I also recommend setting up a professional autoresponder for people who have requested the report. This is simply a form where your customers fill in their first name and e-mail address. Just like you did when you requested the free Real Estate Jobbing 101 e-book.

You can then automatically follow up with your visitors and remind them of how your service can help out. This is very effective, just like following up in direct mail. I recommend Hot Response, they have tremendous features, and you can get a free account! The service owner is Adam and he provides great customer service. You can visit Hot Response at the link below.
http://www.hot-response.com

My HomeSOS website also tells people how they can earn extra money by referring distressed properties to me. They can get the free e-book and sign up as a Real Estate Jobber. You can also offer this service on your website through the Jobber Partner Program.

You can e-mail me for more information.
barry@realestatejobber.com

I use a separate e-mail address for each website, and naturally each business card has the appropriate e-mail address. They are:

barry@rewholesaler.com
barry@homesos.com

Pretty original, huh? It's easy to manage both accounts with Eudora Pro. It actually does not take any additional time and adds professionalism.

Again, you don't need two websites to get started, but once you get the hang of website building I recommend the targeted approach. Get your money's worth and make your website work for you!

You can register your domain name free, and take advantage of my 30-day free consulting offer at the link below.
http://www.realestateJobber.com/web_tools.htm

By the way you get 30 days for each website that you setup through this link.

Wholesaling Summary

As I said, wholesaling is the next logical step for the Jobber, but you can see there is more risk involved. As a result the rewards are bigger.

As you probably noticed everything you learned from real estate jobbing will come in handy for your wholesaling business. If you follow the lessons in this course you will be very well prepared to step up to the next level.

Take one step at a time; begin by mastering real estate jobbing. Learn first hand from your Mentors. Attend your local REIA meetings. Continue your education. This simple plan will improve your chances of success as a Wholesaler by 100%!

The information presented in this section is not meant to teach you everything you need to know as a Wholesaler, but it should give you a very good idea of what to expect. Obviously there is much more involved in the details of this type of business, but you can master them.

It's very important to get a system in place that allows you to make the very best use of your time. Draw from my system, your mentor's system and your colleague's systems. Eventually you will find your niche and prosper.

As much as I hate these corporate fads, buzz words and acronyms, I'm going to borrow one from the Six Sigma philosophy to help you establish your system.

D M A I C

Define what you want your system to accomplish
Measure how efficient your system is working
Analyze your shortcomings and accomplishments
Improve your system to be as efficient as possible
Control the results of your system

Recommended Resources

While this section should give you a good idea of what's involved in wholesaling, these resources will cover the subject in much greater depth and will definitely aid in your development. Forms and other resources are included. They will make excellent additions to your educational library.

Check them out when you get a chance.

"Instant Cash Wholesaling Houses!"
By Scott Rister
http://www.findmotivatedsellers.com/

"Wholesaling for Quick Cash"
By Steve Cook
http://www.flippinghomes.com/

"Flipping Properties"
By William Bronchick
http://www.amazon.com

REAL ESTATE INVESTING CONTRACTS 101

The contract is one of a Real Estate Investor's most valuable tools. It's what determines the make up of a deal. You can be the best negotiator in the world, but if you don't have, and know how to use an effective contract it won't mean a thing.

There is no way you are going to be an expert on contract law, without going through law school. In spite of what you may hear or read, real estate laws are very complex and do vary from state to state. But you can still learn how to use contracts effectively for your business.

You will need to work with your Mentors, other REIA members and also your attorney to learn how to effectively use your contracts. It's best to have some local sources, and not solely rely on the contracts in your courses.

Many courses that you purchase will likely include sample contracts, be sure to have these reviewed by a local attorney to make sure they are appropriate for your state. An attorney should review **any** contract that you are not familiar with.

There are multiple contracts that you'll want to become familiar with. Some real estate transactions involve specialized contracts. You will have to learn which contract to use for various situations. It can be learned with time and patience. This is a great topic for picking the brains of your Investors.

What Makes a Contract Valid?

A contract is only as good as its contents; otherwise it's not worth the paper it's written on. Let's take a look at four basic elements that all contracts must include.

An offer must be made – this is pretty straight forward, your Motivated Seller may say to you, "I would like to sell you my house for $75,000." An offer has been made.

An offer must be accepted – you might reply, "For this deal to work for me I can only pay $50,000". To which your Motivated Seller may say, "I need at least $60,000." You then might say," I have not talked with my partner, but the absolute best I can do is $52,000."

The offer still has not been accepted. This part of the negotiation is called counter offering. Okay, let's go back to our scenario above. After thinking for a few seconds the motivated seller says, "Alright I'll take the $52,000, I need to sell and move on with my life." Now an offer has been accepted.

This type of situation unfolds all the time, but only if you are dealing with a truly Motivated Seller.

There must be consideration – each party must give up something to make the transaction happen. You might offer $10 to make the contract legal, while the seller promises to sell you the house for the agreed upon price. You can use any dollar amount, even $1!

The terms must be spelled out clearly and definitely – the contract has to spell out exactly who gets what, in

exchange for what. For instance it's not sufficient to only have the address of the property in the contract.

230 Primrose Place, Anywhere USA 12345, is not specific enough. You need the legal description:

Legal lot 72, Pines Manor 4th section, as recorded in your county in your state in plat book 15 page 30.

While these are the basic elements needed to make a contract valid, let's not overlook one very obvious, but important item: put your contract in writing!

The next question is, "What can make a contract become invalid?" There are a number of factors that can cause your carefully prepared contract to be invalidated. Let's look at a few.

Lack of capacity – you have to make sure you are not dealing with a minor, someone taking medication or someone who is involuntarily intoxicated.

This is why you have to be careful when dealing with the elderly. Sometimes family members are quick to say that you took advantage, and seek to have the contract cancelled.

Misrepresentation – did the seller deliberately not tell you something about the property that could have affected your decision-making? Serious misrepresentation can be considered fraud. This will void the contract.

Duress – this is forcing someone to sign the contract against his or her will. This is not only the threat of violence, but could also include things like saying, "I noticed your fence is

not quite high enough in the backyard, if we can make a deal today then I won't have to call code enforcement."

This is actually a criminal offense called extortion, and can lead to time behind bars!

Illegal activities – any contract based on something illegal is obviously not valid and will lead to big trouble.

This is another great topic to discuss with your Mentors. They will have several stories of how people have tried to pull fast ones in the past. In fact they may have already fell victim in similar situations. Learn from their experience.

Earnest Money

Earnest money is part of the consideration needed in the contract. Again when dealing with earnest money as a Wholesaler you will be wearing two hats.

When you are the buyer you will want to put as little earnest money as possible into the deal. You are planning on wholesaling the property, so why tie up the cash if you don't have to? The amount of earnest money is not set in stone, and will vary by your local customs and how your offer is handled.

Obviously the more earnest money you put in the more secure the other party will feel about the deal. If you are dealing with a truly Motivated Seller, then the amount of earnest money will not be that important. Remember, their goal is to get rid of the house as soon as possible. The purpose of the earnest money is to simply bind the transaction, not to serve as a down payment.

When making offers through Realtors® you may have to come up with a $500 or more earnest money deposit. Also if you are working on high-end properties more earnest money will be required. For the deals that you start out with anywhere from $10 to $500 should be acceptable.

Should you give the earnest money to your Motivated Seller? No way! Your closing agent should hold your earnest money. Make the check out to your closing agent and pass it on to them along with the contract. The earnest money is then held in escrow and applied to the transaction.

Whenever possible have your closing agent hold the earnest money, it's much more convenient for you.

This will not always be possible, especially when you are first starting out. Again, when working through a Realtor® you will probably have to use their closing channels. Do not make your check payable to the individual Realtor®.

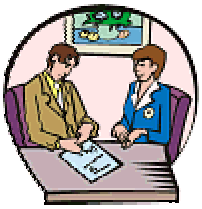
Also if you are working with another Investor who is more seasoned, again you will probably go through their closing agent. Work hard to find a closing agent that is experienced with creative real estate, and does not have a problem with a double close. By establishing a relationship with a closing agent you will probably get discounts on title searches and fees.

Now put on your other hat. As the seller you want to get as much earnest money as possible. Why? Well, as we mentioned earlier, this deposit binds the deal and shows a level of commitment.

If for some reason the buyer can't go through with the deal, then the earnest money will be the only thing you get for your time and effort.

Again you want to use your closing agent to hold the deposit and to do the actual closing.

Contract Contingencies



Once you sign on the dotted line be ready to deliver on the promises that are contained in the contract. With that being said, there are situations when fulfilling your contractual obligations will not be possible.

In these situations you will use contract contingencies. Contingencies are basically a way out of the contract because of certain situations. Let's look at an example.

Typically you will sign the contract at the Motivated Seller's home. This sets up the deal, but before the actual closing there must be due diligence performed to make sure the property is as represented.

You will need to have a title search done to make sure that there are no liens, back taxes owed etc, which would delay the closing. You probably also want to have the property inspected by a professional to insure all systems are working properly. In my part of the country a termite inspection is a must.

Obviously you can't have these functions performed until after you have the property under contract. If there is a material problem in any of these areas then you can renegotiate or cancel the contract altogether.

Depending on the situation you may or may not get your earnest money back. A good rule of thumb is not to put up any more earnest money than you can afford to lose. You want to make sure

that losing your earnest money is the worst that can happen. Most buyer contracts contain a clause like the figure below.

EARNEST MONEY. The buyer's earnest money shall be held in escrow by agent of buyer's choice. Upon default of this agreement, seller shall retain earnest money as his sole remedy without further recourse between the parties

Figure 20 - Earnest Money as Sole Remedy Clause

This simply means that whatever happens the most that you can lose is your earnest money deposit. You don't want to be sued for performance, and be forced to buy a property that is riddled with termites.

However, don't go out on a limb and then use…

…weasel clauses.

A weasel clause is something that is commonly used to get out of a deal because a mistake was made in judging the property value, or too much was offered, or you cant find a buyer or a number of other situations caused by the buyer doing a poor job of evaluating the deal.

A typical weasel clause calls for approval by a fictitious partner. If it's not a legitimate reason to exit the deal, then you should abide by the terms you agreed to. It won't take weaseling out of too many contracts, before word gets around that you are not ethical. Remember, it's a small community.

Some contingencies that you want to include in your contracts are:

- Property inspection
- Pest inspection
- Clear title
- Financing terms

This should take care of most legitimate reasons to exit a contract. Check with your Mentors, REIA members and attorney to see if there are other contingencies needed for special situations, which apply to your part of the country.

Develop a back up plan in case you can't find a buyer. As you gain experience, attend your local REIA meetings and run your jobber business, you will come across many opportunities for funding. If necessary you can tap into a short-term funding source and still close the deal.

This will buy you some more time to sell the property. There is a cost involved, but it will buy you more time and keep your reputation intact.

Some contracts also contain clauses like that in the figure below:

The buyer may extend the closing date an additional xxx days by paying the seller $_____in cash.

Figure 21 - Extend Closing Date Clause

Your seller may agree to this clause and take a couple of hundred dollars to give you some more time to find a buyer.

The best way to prevent needing a weasel clause is to know your comps, know your buyers and know your business. Be sure to use your real estate jobbing business as an educational opportunity and not strictly as a money-making vehicle. This experience will be more valuable than all of your referral fees combined.

What Contract Should I Use?

That's a great question. The answer depends on your state's requirements to purchase a property, who you are purchasing from and what type of purchase you are making.

But for most situations, as you probably guessed, you will have two contracts. One you will use as a buyer, which is slanted in your favor, and the other you will use as a seller, which surprise, surprise is also slanted in your favor. Don't get them mixed up!

Every state probably has a standard contract that is used by Realtors®. If you are dealing with a Realtor® then count on using this contract. But for the everyday Motivated Seller you should be able to use your standard "buyer" contract.

In Florida we call the state standard contract the FAR BAR. This stands for the Florida Association of Realtors® (FAR) and it has been approved by the Florida BAR (as in lawyers not our pubs☺).

It's a good idea to know how to use the state standard contract. It won't have to be reviewed by an attorney, and in some cases will give a little extra boost in credibility.

These contracts will not be free, but there is a good chance that someone in your local REIA can get a hold of one for you. They may even offer a class to learn how to fill them out correctly.

In Florida you can copy the FAR BAR forms and the copies are just as valid as an original. Check to make sure this is allowable in your state.

The standard FAR BAR is only four pages long, which makes it a pretty useable tool. However, there are dozens of addendums and riders that can be included for special circumstances.

Be sure to find out about your state's specific form. If you can't find the answer then contact the state government agency that oversees real estate. In Florida it's called the "Florida Real Estate Commission". Visit your state's website and search using the key word "real estate".

Just to get a look at a contract let's review a few important parts of the FAR BAR, these parts will be important in any contract you use.

THIS FORM HAS BEEN APPROVED BY THE FLORIDA ASSOCIATION OF REALTORS® AND THE FLORIDA BAR

Contract For Sale And Purchase
FLORIDA ASSOCIATION OF REALTORS® AND THE FLORIDA BAR

1* PARTIES: _____ ("Seller"),
2* and _____ ("Buyer"),
3 hereby agree that Seller shall sell and Buyer shall buy the following described Real Property and Personal Property (collectively "Property")
4 pursuant to the terms and conditions of this Contract for Sale and Purchase and any riders and addenda ("Contract"):

Figure 22 - FAR BAR Parties Section

This part is pretty self-explanatory. The parties are identified, and obviously there is a seller and a buyer.

5 I. **DESCRIPTION:**
6* (a) Legal description of the Real Property located in _____ County, Florida: _____
7* _____ _____
8* _____
9* (b) Street address, city, zip, of the Property: _____
10 (c) Personal Property includes existing range, refrigerator, dishwasher, ceiling fans, light fixtures, and window treatments unless
11 specifically excluded below.
12* Other items included are: _____
13* _____
14* Items of Personal Property (and leased items, if any) excluded are: _____
15* _____

Figure 23 - FAR BAR Part I

Section I identifies the property. Remember you have to use the legal description exactly like it appears on the deed. As you can see in line 10, major appliances, light fixtures and window treatments are considered to be included in the purchase price unless specifically excluded on line 13.

16* II. **PURCHASE PRICE** (U.S. currency): . . . . . $ _____
17 **PAYMENT:**
18* (a) Deposit held in escrow by _____ (Escrow Agent) in the amount of . . $ _____
19* (b) Additional escrow deposit to be made to Escrow Agent within ____ days after Effective Date
20* (see Paragraph III) in the amount of . . . . . $ _____
21 (c) Assumption of existing mortgage in good standing (see Paragraph IV(c)) having an approximate
22* present principal balance of . . . . . $ _____
23* (d) New mortgage financing with a Lender (see Paragraph IV(b)) in the amount of. . . . . $ _____
24* (e) Purchase money mortgage and note to Seller (See Paragraph IV(d)) in the amount of. . . . . $ _____
25* (f) Other: _____ . . . . . $ _____
26 (g) Balance to close by cash or LOCALLY DRAWN cashier's or official bank check(s), subject
27* to adjustments or prorations . . . . . $ _____

Figure 24 - FAR BAR Section II

Section II covers the purchase price of the property. Line 18 is where the earnest money is recorded. On this same line you can specify your closing agent.

36 **IV. FINANCING:**
37* ❑ (a) This is a cash transaction with no contingencies for financing;
38* ❑ (b) This Contract is contingent on Buyer obtaining approval of a loan ("Loan Approval") within _____ days after Effective Date for (CHECK
39* ONLY ONE): ❑ a fixed; ❑ an adjustable; or ❑ a fixed or adjustable rate loan, in the principal amount of $_____, at an initial inter-
40* est rate not to exceed _____%, discount and origination fees not to exceed _____% of principal amount, and for a term of _____
41* years. Buyer will make application within _____ days (if blank, then 5 days) after Effective Date and use reasonable diligence to obtain Loan
42 Approval and, thereafter, to satisfy terms and conditions of the Loan Approval and close the loan. Buyer shall pay all loan expenses. If Buyer
43 fails to obtain a Loan Approval or fails to waive Buyer's rights under this subparagraph within the time for obtaining Loan Approval or, after
44 diligent, good faith effort, fails to meet the terms and conditions of the Loan Approval by Closing, then either party thereafter, by written notice
45 to the other, may cancel this Contract and Buyer shall be refunded the deposit(s);
46* ❑ (c) Assumption of existing mortgage (see rider for terms); or
47* ❑ (d) Seller financing (see Standard B and riders; addenda; or special clauses for terms).
48* **V. TITLE EVIDENCE:** At least ____ days (if blank, then 5 days) before Closing:
49* ❑ (a) Title insurance commitment with legible copies of instruments listed as exceptions attached thereto ("Title Commitment)" and, after
50* Closing, an owner's policy of title insurance (see Standard A for terms); or ❑ (b) Abstract of title or other evidence of title (see rider for terms),
51* shall be obtained by (CHECK ONLY ONE): ❑ (1) Seller, at Seller's expense and delivered to Buyer or Buyer's attorney; or
52* ❑ (2) Buyer at Buyer's expense.

Figure 25 - FAR BAR Section IV

Section IV deals with the financing. Lines 38 through 45 cover the financing contingencies. The contingencies can be based on the type of loan, the amount of the loan, the interest rate and the term of the loan.

The loan must be applied for with diligence and in good faith within a certain amount of time. But, if all of the conditions are unobtainable, the buyer can back out of the contract and retain their earnest money.

53* **VI. CLOSING DATE:** This transaction shall be closed and the closing documents delivered on _____ ("Closing"), unless
54 modified by other provisions of this Contract. If Buyer is unable to obtain Hazard, Wind, Flood, or Homeowners' insurance at a reasonable rate
55 due to extreme weather conditions, Buyer may delay Closing for up to 5 days after such coverage becomes available.

Figure 26 - FAR BAR Section VI

Section VI is very important as it sets the closing date. When you're wearing your buyer's hat you want to shoot for a closing date 45 to 60 days away. You can always close sooner if you are ready. As a seller you want a closing date of 30 days or less.

96 **XIV. STANDARDS FOR REAL ESTATE TRANSACTIONS ("Standards"):** Buyer and Seller acknowledge receipt of a copy of Standards A
97 through W on the reverse side or attached, which are incorporated as part of this Contract.
98 **THIS IS INTENDED TO BE A LEGALLY BINDING CONTRACT. IF NOT FULLY UNDERSTOOD, SEEK THE ADVICE OF**
99 **AN ATTORNEY PRIOR TO SIGNING.**
100 THIS FORM HAS BEEN APPROVED BY THE FLORIDA ASSOCIATION OF REALTORS® AND THE FLORIDA BAR.
101 Approval does not constitute an opinion that any of the terms and conditions in this Contract should be accepted by the parties in a
102 particular transaction. Terms and conditions should be negotiated based upon the respective interests, objectives and bargaining
103 positions of all interested persons.
104 AN ASTERISK(*) FOLLOWING A LINE NUMBER IN THE THE MARGIN INDICATES THE LINE CONTAINS A BLANK TO BE COMPLETED.

105* _____ _____ _____ _____
106 (BUYER) (DATE) (SELLER) (DATE)

107* _____ _____ _____ _____
108 (BUYER) (DATE) (SELLER) (DATE)

109* Buyers' address for purposes of notice _____ Sellers' address for purposes of notice _____
110* _____ _____
111* _____ Phone _____ Phone

Figure 27 - FAR BAR Section XIV

Section XIV is where you sign on the dotted line, and you have now either bought or sold a property!

Real Estate Jobbing Volume 5

Some Important Contract Considerations

Here are some important points to understand when dealing with any standard state contract document.

Evidence of title - Is the seller obligated to deliver evidence of title? How long does the buyer have to examine the evidence? Can the closing date be extended to examine this evidence?

Pest control – what pest and/or wood destroying organisms are required to be reported by your state? Who is required to treat for pest and/or wood destroying organisms and under what conditions? Are there any repair limits?

Inspections – What are the buyer's rights pertaining to inspections? How long is the inspection period? How are defects remedied?

Calculation of time – Are all calendar days counted in computing time periods? Does the time calculation include only business days? How do legal holidays affect the calculation?

Contract default – What are the consequences if the seller fails to live up to their end of the agreement? What are the consequences if the buyer fails to live up to their end of the agreement?

Disputes – How are disputes resolved? Is arbitration or mediation required? Is the prevailing party entitled to reimbursement of legal fees?

Addendums and riders – What riders are required or available? Some examples might include:

- Homeowner Association Disclosure
- "As Is" Disclosure
- Condominium Association Disclosure
- Lead Based Paint Disclosure
- Mold Addendum

Make sure you consult with your attorney and get a good understanding of the state's standard contract.

Land Trust

Have you had enough of legal documents yet? Well a land trust is yet another.

Land trusts are another very important legal tool, and the laws will vary from state to state. This is a fairly complicated topic, and way, way beyond the scope of this course, but I will give you a general overview since you will hear the term quite often.

A land trust is a document that allows property to be held in a trust that is established specifically for this purpose. Since the property is titled to the trust the owner's name does not appear in the public records.

The trustee, who is the person or entity holding the property, is actually recorded on the property deed. There are many advantages of a land trust including:

- **Privacy** – your name does not show up in the public records.
- **Legal protection** – real estate in a land trust may be protected from liens and judgments against you.
- **Probate protection** – a land trust can easily name successors in the event of the death of a beneficiary, and there is no need for the property to go to probate.
- **There are no extra layers of taxation**.

As I said land trusts are very complicated, for now you can think of it as a way for Investors to hold property in a name other than their own.

Be sure to check with your attorney to see if land trusts are permissible in your state and how they can be used.

Contract Common Sense

Be sure to think things through…

… and consult an attorney before creating, using or signing a contract.

Here are a few contract common sense rules to follow:

- Make sure you are dealing with the owner of the property, check the public records.
- Make sure you are dealing with all of the owners of the property. If you get a signed contract from only one of the owners, the contract is no good. Be especially careful when dealing with divorced Motivated Sellers. Check the public records.
- Read and understand the entire contract before signing. Don't skip sections that look obvious, read and re-read everything. If anything is unclear consult an attorney.
- Both parties must initial any sections or clauses that are removed from a contract by being crossed out.
- Be careful when contracting with anyone that does not seem competent. If a person looks particularly young then don't be afraid to ask for ID. They will probably take it as a compliment.
- Use your own contracts whenever possible!

I think you get the point that you will need an attorney as a Real Estate Investor. Attorneys are expensive and not all are well versed

in real estate. Preferably you will select an attorney that is active or has been active as a Real Estate Investor.

Don't try to pick an attorney out of the yellow pages, ask for referrals. Your Mentors are an excellent source for referrals. There are probably many fine attorneys who are members of your local REIA. It may take you a couple of tries to find the right attorney, but when you do hold on to them like gold. They can save you a lot of time and money.

Another source of legal help is Pre-Paid Legal Services. No I'm not a spokesperson and I don't sell their services, but it is a way to get some inexpensive legal help. Again you want to select an attorney that knows real estate.

You can get some more information on Pre-Paid Legal Services at the link below.

http://www.prepaidlegal.com

Real Estate Jobbing Volume 5

Recommended Resources

Your best bet for learning about contracts is to seek a local class or seminar that covers real estate contracts in detail. If a class is not available then suggest to your REIA leadership that a class be set up for new Investors. There are attorneys in your club that will be able to teach the class.

Your Mentors will also be an invaluable resource for learning the ins and outs of real estate contracting. Find out which contracts they prefer and why.

Remember just because a contract is included in a course you buy, does not mean it will work for your area. Always consult the local experts.

If you want to learn more about land trusts and you live in Florida, then you're in luck. Mark Warda, a Florida licensed attorney, has written the bible on Florida land trusts.

"Land Trusts in Florida"
By Mark Warda

www.amazon.com

REAL ESTATE INVESTING STRATEGIES 101

There are many strategies that are utilized when buying and selling properties. Each Investor has his or her own preference when it comes to strategy. Use your real estate jobbing experience to learn as much about the strategies as you can.

You will also get a chance to see which strategies are the best fit for your style and personality. Some Investors like to be referred to as "Transaction Engineers", which means they will use any and all of the strategies to make a profitable deal.

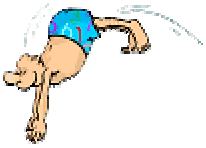
As you will see not every Motivated Seller's situation is a fit for all of the strategies. The situation will determine what strategy will work the best. Remember, you want a win-win outcome.

I'm giving my standard disclaimer again. This section is not meant to teach you how to do any of these strategies, but it is meant to give you a good thorough overview of a few of the popular strategies. When you hear the names of these strategies thrown around, you may not understand how to do the transaction, but you will at least understand what's involved.

There are many courses, seminars and boot camps on all of the strategies that I will mention. So again I don't want to reinvent the wheel. I will have suggestions at the end of the chapter.

Remember, invest in education as soon as you can, you will more than get your money back from the knowledge you'll gain.

I'm going to cover just a few of the investing strategies that are commonly being used today all over the country. You may discover a niche that you want to explore or you may decide to give all of them a try!



Okay let's dive in.

Subject To

This strategy involves buying a property "subject to" the existing financing. In other words you are taking over the Motivated Seller's loan, and will make all of the loan payments going forward.

The loan stays in the Motivated Seller's name, but you will begin to make the payments. Once you sell the property the lender is paid off, and the loan is satisfied.

You can see where this is a great strategy to quickly relieve the Motivated Seller of the burden of monthly loan payments.

On the down side for the Motivated Seller, the loan stays in their name and on their credit report. This could have an effect on their ability to obtain loans in the future, as their income may not be high enough to justify two loan payments.

You can provide documentation to the lender stating that you are now making the payments on this loan, and sometimes this is enough to get them over the hurdle.

But, this can also be a plus for the Motivated Seller. Since you are now making the loan payments, the payments will be timely each month and this will improve the Motivated Seller's credit score.

The "Due on Sale" Issue

This strategy is perfectly legal and is done everyday. Some people have a concern about the "due on sale clause" that every loan seems to have these days.

The due on sale clause basically gives the lender the right to call the loan due in full, if it's transferred to another party, without

approval. In a subject to transaction the title **is** being transferred, since you now have the deed to the property, which means the lender can call the loan due.

But, this rarely happens. Most lenders just want to get their payments each month. If they call the loan due, most likely the lender will have to go through the long and expensive foreclosure process, and they don't want to do that.

If you use the subject to strategy you should make the payments timely and keep a low profile.

Let's take a peek at a real due on sale clause.

Transfer of the Property. If all or any part of the Property or any interest in it is sold or transferred without Note Holder's prior written consent, Note Holder may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Note Holder if exercise is prohibited by federal law as of the date of this

Figure 28 - Sample "Due on Sale" Clause

As you can see the due on sale clause is merely an option that the lender has. Why would they exercise this option if they were being paid timely?

If the loan is called due, even though you own the property, it will be the Motivated Seller's responsibility, since the loan is still in their name.

This information is all disclosed up front to the Motivated Seller. Knowing this why would someone give you the deed to their house, and still be responsible for the loan? It's simple, because they are truly Motivated Sellers!

Their only alternative may be losing the house to foreclosure, and having their credit ruined for years. They are willing to take the risk, because it's like a weight lifted off of their shoulders. It frees up significant cash flow and allows them to move on with their life, and that's a big incentive.

Besides we will always make the loan payments timely, no matter what.

How Does Sub 2 Work?

The first thing you need in order to do a Sub 2 deal is a Motivated Seller. This is a recurring theme you will find throughout all investing strategies. Without a Motivated Seller a deal can't happen. So be sure to build those jobber skills!

After you have found a Motivated Seller you will need to meet and negotiate with them. Explaining the program may be a little awkward at first, it's not easy to ask someone to turn over the deed to his or her property, and keep the loan responsibility.

But with some practice you will be a pro. You are not forcing the program on the seller; you are merely offering the option. If they

are not truly motivated then you will probably be on your way out the door. But if they are motivated they will gladly hear you out.

Here are some key points in the negotiation:

- **The amount of equity in the property** – some owners may have years worth of equity built up in the property. These are attractive Sub 2 opportunities. It's up to you to decide how much equity, if any you are willing to give back to the seller, and when.
- **The loan balance** – is there enough room for the loan to be paid off and for you to still get your desired profit? If someone has just refinanced, and "cashed" out their equity, then more creativity will be required.
- **The total monthly loan payment** – is their enough room to make the monthly loan payment, and still have a positive cash flow if you need to put a tenant/buyer in the house? If the loan payment is $500 per month, and other homes in the area rent for $550, then again you will need to be creative to use this strategy. However, if there is a lot of equity an Investor may risk the low monthly cash flow, for a big payoff down the road. Make sure to include all mortgage payments, such as second and third mortgages in your analysis.
- **Does the loan payment include insurance and taxes?** – Guess what? These items are now your responsibility.
- **The type of loan** –is it a fixed rate or variable rate? Is there a balloon payment? These are all important factors. An adjustable rate means your payments can go up, and seriously impact the cash flow. With a balloon payment you may have to come up with a large chunk of money. Do your homework.

- **Are the payments current?** - If not will you make up the back payments or require the seller to?
- **Is the property occupied by renters** – If so are you willing to take over the property and put up with the renters until their lease ends?

As you can see there are many points to use in the negotiation of the deal. Find out the seller's true motivation and try to put something together that achieves their desired result and let's you make the profit you want. If not be willing to walk away.

Okay you have negotiated a great deal that's win-win; now all you have to do is write it up. You have to complete a sales contract, and get them to sign a disclosure form stating that you have explained everything thoroughly. The seller will also sign a release form, which allows you to contact the lender and get their most current loan information.

There are a few other forms to fill out, but these are the most important to get started.

Now it's time to do your due diligence. The title work and verification of all of the loan information they gave you. Everything checked out? That's great let's move on.

It's closing time. You can do it yourself or have an attorney do it for you. It's not nearly as complicated since there is not a new loan involved. You will want your attorney to handle anything out of the

ordinary. This is a great situation to use a land trust. Remember, you don't want your name anywhere near the property.

Subject 2 Example

Let's walk through an example.

You get a call from a Motivated Seller who lives out of state due to a job transfer, and has received one of your postcards. The Motivated Seller explains that he has a house that he wants to get rid of. There are tenants renting the home that he is currently evicting.

After talking further you find out the property is in a pretty good lower middle class neighborhood, with good schools. The Motivated Seller tells you the house appraised at $65,000 a few years ago, and he just wants out with a little money in his pocket.

The current loan balance is $50,000 and the total monthly payment is $550. It has three bedrooms, one bathroom and approximately 1,000 square feet. You agree to take a look at the property and get back with him later in the day.

You immediately pull up the property on the county appraiser website to get the particulars. Let's take a look at the details.

SALES

Deed	Date	Book	Page	Amount	Vac/Imp
WARRANTY DEED	12/1994	02859	0365	$45,000	Improved
WARRANTY DEED	04/1979	01238	1731	$19,100	Improved
FINAL JUDGEMENT	01/1977	01137	0834	$100	Improved

Find Comparable Sales within this Subdivision

2003 VALUE SUMMARY

Tax Value(without SOH):	$484
2003 Tax Bill Amount:	$319
Savings Due To SOH:	$165
2003 Taxable Value:	$16,472

DOES NOT INCLUDE NON-AD VALOREM ASSESSMENTS

LAND

Land Assess Method	Frontage	Depth	Land Units	Unit Price	Land Value
LOT	0	0	1.000	11,250.00	$11,250

LEGAL DESCRIPTION PLAT

LEG LOT 72 COLONNADES 3RD SEC PB 16 PG 55

BUILDING INFORMATION

Bld Num	Bld Type	Year Blt	Fixtures	Gross SF	Heated SF	Ext Wall	Bld Value	Est. Cost New
1	SINGLE FAMILY	1972	3	1,012	1,012	SIDING AVG	$41,323	$48,050

EXTRA FEATURE

Description	Year Blt	Units	EXFT Value	Est. Cost New
WOOD UTILITY BLDG	1980	64	$154	$384

Figure 29 - Sub 2 Property Record

We can see the house was purchased for $45,000, since the Motivated Seller currently owes $50,000; he has obviously refinanced the loan or has a second mortgage. The square footage is 1,012 and the taxes are $319 for the year. When we visit the tax collector's website we find that his taxes are not delinquent, but still need to be paid for last year.

Current Tax:

Amount Due Now: $316.17 **If Payment Postmarked by:** 02-29-2004

Amounts due if POSTMARKED on or before date shown:

NOV 30	DEC 31	JAN 31	FEB 29	MAR 31
$306.59	$309.78	$312.97	$316.17	$319.36

Non-Ad Valorem Assessments: *NONE*

Unpaid Delinquent Taxes: *NONE* -- Do not use this information for a title search. Current and historical legal descriptions may differ.

Figure 30 - Sub 2 Tax Record

The seller still owes $319 for the 2003 taxes and a prorated portion of the 2004 taxes. Now let's take a look at the recent sales in the area and determine the ARV.

NGS FOR COLONNADES 3RD SEC SOLD SINCE 2003 ☑ MAP HELP

Property Address	Book	Page	Sale Date	Sale Amount	DOR	Bld	Yr Blt	Sq Ft
1082 TIMBERLANE TRL	04822	1770	04/2003	$67,600	SINGLE FAMILY	1	1972	1,000
1076 TIMBERLANE TRL	04931	0212	07/2003	$55,900	SINGLE FAMILY	1	1972	1,000
1085 WINTER PARK DR N	04901	1210	06/2003	$85,000	SINGLE FAMILY	1	1974	1,012
200 LAZY CIR	04711	1550	01/2003	$62,000	SINGLE FAMILY	1	1974	1,012
120 LAZY CIR	04769	1463	03/2003	$32,000	SINGLE FAMILY	1	1975	1,012
225 COLONY DR	05173	0411	12/2003	$60,300	SINGLE FAMILY	1	1972	1,000
215 COLONY DR	05190	1849	01/2004	$64,500	SINGLE FAMILY	1	1972	1,000
206 COLONY DR	04754	1729	03/2003	$46,000	SINGLE FAMILY	1	1972	1,000

Figure 31 - Sub 2 Comps

All of the properties have about the same square footage and were built around the same time. Let's throw out the $85,000 sale, which is way above the average, and the $32,000 sale, which is too low to use.

It's now time to take a drive out to our property and also to look at the comp properties. The subject property is in good shape on the outside, but could still use a little cosmetic work like a paint job and some landscaping.

You now drive around and look at the comp properties. They are all pretty similar, but a couple of the houses have been rehabbed. You also write down the phone numbers from the signs of any FRBO homes in the area.

From the comps it's fairly reasonable to calculate an ARV of $63,000 for this property.

Next we will pull up the property owner's mortgage history on the clerk of courts website.

res Lender the principal sum of **********FIFTY FOUR THOUSAND FOUR HUND
****
$54,400.00). This debt is evidenced by Borrower's note dated the same date as this Security I
les for monthly payments, with the full debt, if not paid earlier, due and payable on JANUARY 1,

Figure 32 - Sub 2 Refinance

We can see the property was refinanced for $54,400, the payoff of his original mortgage is shown below.

MORTGAGE RELEASE, SATISFACTION, AND DISCHARGE

IN CONSIDERATION of the payment and full satisfaction of all indebtedness secured by that certain Mortgage described below, the undersigned, being the present legal owner of said indebtedness and thereby entitled and authorized to receive said payment, does hereby release, satisfy, and discharge said Mortgage in full and does hereby consent that the same be canceled and discharged of record.

1st Party [redacted]

Mortgagee: Centex Home Equity Corporation

Loan Amount: $46,750.00 Date of Deed: 10-27-1997

Date Recorded: 11-26-1997

Figure 33 - Sub 2 Original Mortgage Payoff

It's a little hard to read, but the original mortgage was for $46,750, and was probably only paid down slightly during the three years it was in effect. So our Motivated Seller has already pulled out about $7,600 of equity.

A little more digging through the refinanced mortgage reveals that his interest rate is 10.03%, which is very high. This person must have had some credit problems.

There are no documents that showed any judgments or liens against our Motivated Seller. That's a good sign, but we will still order a title search.

Next we call a few of the FRBO numbers, and also a Realtor® that acts as a management company for some of the landlords in that

area. We find out that the 3 bedroom homes are currently renting anywhere from $700 to $850 per month.

Here's what we now know:
Loan balance $50,000
Loan interest rate 10.03%, this is a very high rate, which means the bank would never use the due on sale clause as long as they are being paid promptly. They probably would not be able to get this high rate right now.
Total monthly payment $550
ARV $63,000
Repairs – paint and carpet $3,000
Going rates for rent $775

You also know that by using the lease option or rent-to-own exit strategy, you can get above market rates for rent and for the purchase price. People who buy rent-to-own usually can't get conventional financing and jump at the opportunity to buy a house under this program (more on this later).

Here's how it works out. You buy the property for $50,000 and there is no room to provide the Motivated Seller with any cash. You will then put the house under contract with a rent to own tenant buyer for the following terms:

Sales price $72,000; they will have 2 years to come up with the financing, so they are paying the future value of the home. Monthly rent is $800; again they are paying premium rent to be able to buy the house under a rent to own program.

They will provide a non-refundable $4,000 option consideration payment. This amount is applied to the $72,000 purchase price, which means they will need to get a loan for approximately $68,000 within the next two years.

So you get the $4,000 up front payment, which more than covers the repairs. Over two years you make $6,000 in monthly cash flow ($800-$550 = $250 x 24 months) and you profit $17,000 on the sales price, ($68,000 less the $3,000 in repairs, less the approximately $48,000 loan payoff). Your potential profit is $27,000. Not bad for a day's work!

You now have to explain to the seller that you can take over the payments on this property, but since he has already refinanced and pulled out a chuck of equity, you can't give him any more cash. Your solution will save him $550 a month, and the headaches of trying to mange the property from 1,000 miles away.

This is a win-win-win situation. The Motivated Seller can now move on with his life, people not qualified for a mortgage were able to buy the house on a rent to own program, and you earned $27,000. It's not always possible, but this is the outcome you are shooting for.

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The above example is not uncommon; in fact it's based on a deal that I'm working on right now.

You have to decide how much profit you are willing to take and what type of exit strategy will get you that profit. This example used lease option, but there are other strategies that you will want to consider. The strategy will really depend on the monthly cash flow and the amount of equity available.

There are a number of exit strategies that you can use, here are just a few:

- Sell outright to retail buyers.
- Wholesale to another Investor.
- Rent it out to tenants.
- Lease option to owner/tenants.
- Owner finance it to retail buyers.

Subject to is a great strategy and can actually be a lot of fun and profitable once you get it down to a science.

Short Sales

A short sale is getting the bank to accept less than what's owed, as payment in full for the mortgage. This is basically good old-fashioned bargaining!

You probably already have some experience in short sales. Have you ever been to a garage sale and spotted a lamp that you really

liked? The price tag says $15, but you offer the owner $5, the owner then offers to sell it to you for $10. You say the most you will pay is $7. The owner then must consider if she will be able to sell the lamp later in the day.

After some thought she decides, " a bird in the hand is worth two in the bush", and accepts your offer. You take your lamp and happily head home. You have just completed a short sale!

Why would a bank agree to a short sale? Well there has to be a couple of conditions that makes the bank a Motivated Seller:

The house must be in foreclosure – the bank really does not want to sell the property through an auction; they just want to get paid.

The house must have very little or no equity – if there is a lot of equity, then the bank can sell it through a Realtor® and get more than you are willing to pay in a short sale.

When these two conditions are met then a short sale is a possibility. There are a lot of refinanced loans out there right now, with very little equity. There are probably some loans where the amount owed is actually more than the ARV, negative equity in essence.

The bank does not want the house back. There are too many unknowns; has the value in that area dropped, what's the condition of the property, what will values do in the future?

When it's all said and done the bank would simply rather have it off their books. At least if it's sold it won't show up as a defaulted loan, which makes the bank look bad, and possibly causes people to lose their jobs. So it is very possible for a bank to become a Motivated Seller.

Once the foreclosure action is started…

… the clock begins to tick, and you have until the foreclosure sale date to get a deal done. In Florida that time frame is approximately 151 days. In Georgia it's a lot shorter. Be sure to find out how much time you have in your state.

How Does a Short Sale Work?

Can you guess what the first step is? That's right, finding a Motivated Seller. You know you have to target people already in foreclosure, who have little equity in their property. You also know that you need to find them as early in the process as possible, since you have a limited time frame to work in.

You will need to find a foreclosure reporting service in your area. This will provide all of the pertinent information that you need. You will receive a daily report of the Lis Pendes or notice of defaults that

have been filed. The report should include all of the loan information that you need.

Ask your Mentors and colleagues about a local service that specializes in your area. If there are none available check out the foreclosure services in Volume 2, and see if their information will work for you.

The figure below is from a local foreclosure information service.

County: Brevard **File Date:** Jan 29, 2004 **Case Number:** 04-CA17555
Property:
Tax ID#: 243632810000C0001800 **Last Sale Date:** Jan 1, 2003 **Last Sale Amount:** $79,900.00
Legal Description: SHEPARD'S PARK ACRES
N 1/2 OF LOT 17 & ALL LOT 18 BLK C
SE 1/4 OF SE 1/4 OF SEC. 32 TS 24S R 36E
Address: 833 FERNDALE **City:** ROCKLEDGE **State:** FL **Zip:** 32955
Assessment: $59,550.00 **Use:** Single Family **Year Built:** 1984 **Sq.Ft.:** 1416.0
Homestead: No **Fireplace:** No **Pool:** No
Plaintiff: ARGENT MORTGAGE CO. **Attorney:** [redacted] **Phone:** [redacted]
Defendant(s): [redacted]
Mortgage:
Orig. Loan: $63,920.00 **Orig. Date:** Jan 10, 2003 **Balance:** $63,771.58 **Last Payment:** Jul 1, 2003 **Payment:** $553.88/mo
Type: Fannie Mae/Freddie Mac **Int. Rate:** 9.85% **Int. Rate Type:** ADJ **Mtg. Book/Page:** 4790/768
Additional Lien Holders: **Amount:** **Book/Page:** **Lien Type:**
Lien: INSTRUMENT TO CONVEY MORTG. 4790/767 Other or not specified
Equity: -$4,221.58

Equity

Figure 34 - Sample Foreclosure Service Report

This is a situation where the equity is negative, an excellent candidate for a short sale. Both the homeowner and the bank should be Motivated Sellers.

Next we have to track down the Motivated Sellers.

Direct mail is a good option. Just don't mention the word foreclosure in your mail piece, instead talk about how you can help people with little equity. Mail weekly for a month if you don't get a response, then try a different method to find them. Remember;

direct mail takes a little longer, so you have to know how long the foreclosure process is.

You can try to find the phone number, but they may not answer thinking that you are a bill collector or the phone may have been already disconnected.

You can also walk up to the house and knock on the door and try to talk with the homeowner directly. Step away from the door as they answer and look non-threatening. Dress casually and tell them how you can help.

If they are not interested leave your card and move on, don't try to convince them at this point. If no one is home leave your card and/or one of your door hangers.

Once we find the owner we can meet with them and see if the are willing to let us help. You explain that we may be able to save their house from going to foreclosure, which will ruin their credit for many years to come.

The homeowners will not be able to get any cash from the deal, since the bank does not allow this. The homeowners will also have to move out of the house when the sale is complete.

They agree and you write up a sales contract. It's spelled out clearly that the contract is contingent on you working out an acceptable short sale with the bank. The consideration can be $10.

You will now call the bank to see if they have a program to discount mortgages in foreclosure. The "Loss Mitigation" or "Foreclosure" department usually handles this. Once they have verified the program you can begin to put your short sale package together.

First you have to determine how much you will offer for the property. This of course depends on the ARV. We want to calculate two ARV numbers, a lower number to submit to the bank and what we think the actual ARV will be.

Obviously the lower the ARV, the better deal we will get with the bank. Let's use the comps from our 113 Mill Run example, in the wholesaling section of this Volume. The comps are shown again in the figure below.

Property Address	Book	Page	Sale Date	Sale Amount	DOR	Bld	Yr Blt	Sq Ft
112 MORNING GLORY DR	04667	0920	01/2003	$135,000	SINGLE FAMILY	1	1979	1,766
128 MORNING GLORY DR	05041	0548	08/2003	$153,000	SINGLE FAMILY	1	1980	1,830
161 MORNING GLORY DR	04985	1962	08/2003	$152,500	SINGLE FAMILY	1	1980	1,766
165 MORNING GLORY DR	05045	0302	09/2003	$177,000	SINGLE FAMILY	1	1980	1,766
185 MORNING GLORY DR	05150	1295	12/2003	$123,600	SINGLE FAMILY	1	1980	1,344
117 YEARLING DR	04744	0023	02/2003	$140,000	SINGLE FAMILY	1	1979	1,503
168 MILL RUN DR	04839	0738	05/2003	$60,000	SINGLE FAMILY	1	1981	1,751
164 MILL RUN DR	05097	1681	11/2003	$157,000	SINGLE FAMILY	1	1979	1,918
495 MORNING GLORY DR	05061	0404	10/2003	$124,500	SINGLE FAMILY	1	1979	1,790
133 MILL RUN DR	04873	0285	05/2003	$149,800	SINGLE FAMILY	1	1979	1,918
169 MILL RUN DR	04909	0365	06/2003	$30,400	SINGLE FAMILY	1	1979	1,855
173 MILL RUN DR	05080	1530	06/2003	$148,000	SINGLE FAMILY	1	1980	1,464

We have already determined the ARV for this property to be about $151,000 and it needs $12,000 in repairs. If we want to make between a 30 and 40 percent profit, then we need the bank to accept an offer in the range of $78,000 to $94,000.

To come up with our offer price to the bank we will need a different ARV. We can use three of the lower comps for similar sized homes. 112 Morning Glory sold for $135,000, 495 Morning Glory sold for

$124,500 and 169 Mill Run sold for $149,800. The average of these sales is $136,000. We already have a $15,000 discount!

Next we will construct our offer sheet, this will be the justification for the amount we offer the bank. It's simply the ARV less all of the expenses involved.

The repair estimates should be calculated by a contractor at retail prices, after all the bank will not get the discounts you have negotiated with your contractors! Pay a contractor to honestly go through the property and provide the retail cost of materials and labor for all needed repairs. Keep this estimate you will need it later.

Our Net Offer Sheet might look something like this.

Item	Amount	Comments
ARV	$136,000	
Selling Costs	$8,160	Realtor commission 6%
Closing cost	$8,160	6.00%
Repair Costs	$20,000	Detailed estimates attached
Holding Cost	$8,160	1% for 6 months
Profit	$13,600	10% for services rendered
Total Expenses	$58,080	
Net Offer Price	$77,920	

Figure 35 - Sample Short Sale Net Offer Sheet

Our offer to the bank will be $77,920, which fits into our desired profit margin. This is a good starting number and you have plenty of cushion. Set the Net Offer Sheet aside we will include it in our short sale package.

During your meeting with the seller you had them fill out a number of forms that will also be included in your short sale package.

The Motivated Sellers should have filled out an "Authorization to Release Information" form. This form allows you to discuss your Motivated Seller's problem with the bank.

You also want the sellers to write a sympathy or hardship letter. This letter will ask the bank to accept the discount offer made by you. It should also explain why they can no longer make the payments.

Finally the letter should mention that their only alternative is to file bankruptcy, and they want to avoid filing if at all possible. The bank does not want your Motivated Seller filing bankruptcy. While bankruptcy won't stop a foreclosure, it can delay it for several months. Guess what? During the filing period the bank will get nothing. So this is a big incentive.

You will also want to take the most unflattering digital pictures of the property that you can. There will probably already be many upkeep problems. Walk around outside and inside and take a picture of everything that makes the property look less than desirable.

You must also have your financing already lined up to do a short sale. Most likely there will be less than 30 days to close, and you have to have cash (certified check) at closing. We will talk about

financing sources a little later. Get a letter of pre-approval from whatever financing source you use.

Write a cover letter to the bank stating your official $77,920 offer, again explaining the situation and problems with the property.

Now you can complete your short sale package to present to the bank. Your package will contain the following:

- The cover letter
- The sales contract
- The Net Offer Sheet
- The seller's sympathy letter
- The great pictures that you took
- The detailed repair estimates from your contractor
- The details of the comps that you chose
- The pre-approval letter from your financing source

You can e-mail or fax the package to the bank's Loss Mitigation Representative to begin negotiation! The bank will definitely counter offer. You have to know your margins and be persistent, be polite, but be persistent.

Go up the chain of command as high as you can go to get your offer accepted. Whatever you agree to must meet your business needs.

After much negotiation you and the bank agree to an offer price of $88,000. Make sure to have the bank representative fax you an acceptance letter in writing.

Well how did you do? Let's take a look at the numbers.

Item	Amount
Actual ARV	$151,000
Selling Costs	$0
Closing cost	$4,500
Repair Costs	$11,000
Holding Cost	$8,160
Other Loan costs	$7,000
Mortgage Payoff	$88,000
Total Expenses	$118,660
Net Potential Profit	$32,340

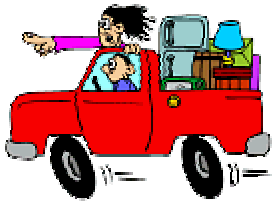
Figure 36 - Sample Short Sale Results

The cushion in your numbers paid off and you have a very nice profit potential. Since you are selling the property yourself your selling costs will be minimal. The repair costs of course will actually be lower than the retail estimate. You may incur some other loan costs depending on the type of financing you use. All in all, this is a very nice payday!

Real Estate Jobbing Volume 5

A Final Word on Short Sales

When you make that much money you may want to give your seller something, such as some cash to help with moving expenses. You want your Motivated Seller…



… to get moved out ASAP!

I know I said earlier you can't give money to your Motivated Seller, but there is a way to do it, kind of under the table. You can buy belongings from the Motivated Seller that will be of value to you.

Maybe they have a riding lawn mower that they won't need now. Maybe there is some artwork you would like to keep. Whatever the objects are be sure to write up a bill of sale, and it probably should be capped at about $1,000.

There will be situations where the Motivated Seller has second and maybe even third mortgages. You should shoot to discount these mortgages by 90%. Since there is so little equity, the lenders could easily end up with nothing, because the proceeds from a foreclosure sale will go towards the first mortgage.

Short sales are another great investing strategy. You have to be able to prove the seller is distressed and convince the bank of this. It takes persistence and a high tolerance for frustration. Any time you're dealing with large companies, you will get the run around. Stay focused and don't give up until you find out whom you need to talk to.

Make sure your funding is lined up and ready to go. You may be down to a few days before the foreclosure auction and there won't be time to go out and look for financing.

If you plan to do short sales you will have to develop a system that allows you to move through the process quickly. You will probably need to have several potential short sales going at once, because there is no guarantee that you will be able to agree on a price with the bank. If you have 4 in process and you loose out on 2, you still have 2 nice paydays coming!

Finally short sales are a way to…

… create equity out of thin air!

You take a property in foreclosure with zero equity, and you negotiate the equity in. It's a win for the Motivated Seller, a win for the bank and a win for you.

Lease Options

Lease options are another popular investing strategy that is widely used. Lease options can be both a buying and selling strategy.

Since you have an entire e-book in your Biz Toolz, which explains lease options in detail, I will give you just a very general overview in this Volume.

A lease option is basically a rent-to-own plan for real estate. You rent a property then down the road you have the option to buy it.

Just like the rent-to-own appliance stores there is usually no bank qualifying needed. Anyone that has the down payment and can make the monthly payment is eligible.

Also like the rent-to-own appliance stores, you can expect to pay a premium price for the liberal terms. A few years back my brother-in-law was considering renting a 27" TV from one of these stores. There was no credit check, a small down payment and only $15 a week. The best part was after 12months the TV was his free and clear.

Well, I pointed out to him that over the 52 weeks he would have paid nearly $800, for a TV worth no more than $400 (at the time). The twelve months threw him, when he thought 52 weeks it did not seem like such a good deal. But that is the price he would have to pay to take home the TV that day, with very little hassle.

The same is true in real estate. Lease options allow people who would not be able to buy a home the traditional way, another way to get into the home sooner and for less money. Over the term of the deal they will pay more, but that's the price of convenience.

Traditional financing requires excellent credit, a large down payment, a high monthly income, time at the job and so on, and so on. Today's economy does not allow for this for everyone. The lease option allows the person to get into the house, build some equity,

improve their credit and qualify for a traditional loan a couple of years down the road.

Is this worth a premium to some people? Absolutely!

Real Estate Jobbing Volume 5

The Keys

There are four keys to making a lease option work.

The purchase price – the total cost of the property.

Option consideration – this is like a down payment, and is applied towards the purchase price when the person is ready to buy the property. This is usually non refundable, and will be lost if the tenant buyers decide not to buy the property.

Monthly rent – just like regular rent, it's the cost to live in the property from month to month.

Term of option – the amount of time the tenant buyer has to exercise the purchase option. For instance if the agreement was for 2 years, the tenant buyers could purchase the property by obtaining financing anytime within that 2 year period. Otherwise they lose their option consideration money.

Real Estate Jobbing Volume 5

How Does Lease Options Work?

Well, let's see to make it a profitable deal, you need to find a Motivated Seller. Sounds familiar, right? People who are already landlords are excellent prospects for lease options. You tell them that instead of renting the property you are willing to buy it, under a lease option.

If the landlord is interested, then you work out a deal using the four keys we just discussed. Of course you want to give little or no down payment, get a low purchase price, rent as low as possible and have a long term to exercise the option.

As a seller you want to find reliable tenant buyers, get a large down payment, a higher than market purchase price and higher than market rent.

When you buy a property on lease option, and then sell the same property on another lease option, you have created a "sandwich" lease option. You are in the middle, and the top slice of bread is your Motivated Seller, while the bottom slice is your Motivated Buyer.

Eventually you will be out of the middle and enjoying a nice meal with your profit!

You can learn the mechanics in the e-book," How to Create Multiple Streams of Income Buying Houses in Nice Areas with Nothing Down", included in your toolz.

Buy and Hold

This is probably the best-known real estate investment strategy. Where you buy a property, rent it to tenants and hold onto ownership.

The goal is of course to have someone else pay you a monthly rent amount, which is more than your loan payments, insurance and other operating costs. When your rent surpasses your expenses then you have positive cash flow. When expenses are more than rent you have a negative cash flow.

The mention of the word tenants is enough to scare some Investors away from the landlord game. But there are many long-term advantages.

- The property will continue to appreciate as your tenants pay you.
- The loan balances will continue to decrease each month.
- With enough units and proper management significant cash flow can be generated.
- Eventually the property will be "free and clear" (paid off) and your monthly cash flow will increase dramatically.

- You can refinance, get a large chuck of equity money tax free, and your tenants will in effect be making your loan payments.

With enough free and clear properties you can earn a tremendous amount of passive income. Your tenants are paying for you to live a fantastic lifestyle. You are making money…

… even if you don't get out of bed!

So you can see why even with so many strategies available; holding and renting remains very popular. It's a great way to build long-term wealth.

You have to get the property at a good price, which means you need a Motivated Seller. But there are some challenges to this strategy:

- You have to be able to set a rent that will result in a positive cash flow, while allowing for vacancies and other operating costs.
- You have to be able to handle destructive tenants.
- You have to be able to handle tons of maintenance issues.
- You also have to be able to select tenants and be willing to start the eviction process, even if they are a day late with the rent payment.

Do you want to own and rent single-family homes, multi-family homes, small apartment buildings, large apartment buildings, or commercial buildings? Maybe all of the above! Well the operational strategies and skills required vary with the type of property that you own.

There are entire courses, seminars and boot camps dedicated to practically every type of rental property there is.

I'm far from an expert on the art of landlording, so I will let you pick up the details and mechanics from a course or seminar dedicated to this topic.

Investment Strategy Summary

We have taken an overview of some of the more popular buying strategies. Each takes a different set of skills, but all have the potential to be extremely profitable if you know what you are doing.

As you work with your Mentors learn all of the strategies that they use. Which do you like best? Maybe you want to try them all. Make sure you get the necessary education, both book wise and real world.

You probably noticed that all strategies start with finding a Motivated Seller. Real estate jobbing is the way you can learn how to find more Motivated Sellers than you can handle. Working with Mentors you will learn how to solve the problems of these Motivated Sellers and you will profit from doing so. It's all about win-win.

Recommended Resources

You will need more education to attempt any of these strategies. Once again, I'm just giving you an idea of what to expect at the next level. If any or all of these strategies seem appealing, then you will want to check out the resources listed below.

"The Ultimate Sub 2 Guidebook"
By William Tingle

http://www.sub2deals.com/

"Subject To, That's What I Do!"
John $Cash$ Locke

http://www.cashnowusa.com/

"Navigating the Short Sale"
Lloyd and Sara Story

eaglenestproductions@hotmail.com

"Short Sales Secrets"
Dwan Bent-Twyford & Sharon Restrepo

http://www.foreclosurecourses.com/

"Making Big Money Investing in Foreclosures without Cash or Credit"

Peter Conti & David Finkel

www.amazon.com

"Making Big Money Investing in Real Estate without Tenants, Banks or Rehab Projects"

Peter Conti & David Finkel

www.amazon.com

"Creating Multiple Streams of Income Buying Homes in Nice Areas with Nothing Down"

Peter Conti & David Finkel

www.amazon.com

"The Landlord's Cash Flow Training Kit"

Jeff "Mr. Landlord" Taylor

http://www.mrlandlord.com/main.html

REAL ESTATE INVESTING FINANCING 101

No Money Down?

I'm sure you have seen the infomercials a hundred times. Here are a few facts:

Is it possible to buy real estate with no money down?
Absolutely, it's done all the time!

Is it easy?
No, it takes education and training that will not come overnight simply by reading a book.

Is it possible to buy real estate without any money at all?
No, not unless someone literally gives you the property.

The point is it takes money to buy real estate, but it does not have to be your money. At some point in your career you will need access to financing.

You may need it to quickly fund a great opportunity. You may need it to make some unforeseen repairs. There are literally hundreds of scenarios that will require you to come up with financing.

There are hundreds of ways to fund a real estate deal; in this section we will look at just a few of the ways Investors obtain financing.

Do I Need Good Credit?

Good credit is not a requirement to buy real estate creatively, but it can't hurt. It will certainly open up a few more options and put more resources at your fingertips.

If your credit is less than perfect you should work to improve it. Get your credit report and make sure everything is correct. Believe it or not creditors can make mistakes. You can get your credit reports from all three sources on a single report. The cost is about $30, but it's well worth it for the convenience.

http://www.creditreport.com

You can also contact the three bureaus directly and work on the reports individually.

Name	Phone	Mailing Address
Equifax	800-997-2493	Equifax P. O. Box 105496 Atlanta, GA 30348-5496
Experian	888-EXPERIAN	Experian National Consumer Assistance Center P.O. Box 9595 Allen, TX 75013-0036
Trans Union	800-888-4213	Trans Union LLC Consumer Disclosure Center P.O. Box 1000 Chester, PA 19022

Figure 37 - Credit Bureau Contact Info

If you find mistakes follow the procedures to dispute and have them corrected and removed from your file. Creditors have 30 days to respond to your dispute. For those negative items that are legitimate you will have to work with the creditor to fix it. Try to negotiate a short sale!

Learn how to read your credit report at the link below.
http://mail.cccsoc.org

Don't buy into any of the services offering to clean up your credit overnight. There is no magic wand to wave and have all of the negative entries disappear. As usual it takes effort and persistence.

If you don't have credit try going down to a local lender and take out a small short-term loan, you will probably have to secure it with some other instrument. Make your payments timely and pay it off early.

You can also get secured credit cards. This is basically a bank account that you make deposits to. A deposit of $500 into the account gives your credit card a $500 limit. If you make more

deposits your credit limit increases by the amount of your deposit. If you charge something your available credit decreases by the amount of the charge.

These credit cards usually have high interest rates, so be sure to pay off all charges each month.

After 6 months or so of timely payments the company may increase your limit beyond the funds in the account. These activities are reported to the credit bureaus.

Learn more about secured credit cards at the link below.

http://www.credit-land.com/

Hard Money Lenders

Most hard money lenders are usually less concerned about your credit, and more concerned about how much equity is in the property. After all, the property is their collateral, and they will be first in line if anything goes wrong.

Hard money lenders typically will only lend up to 65% of the after repair value, also called loan to value (LTV). Obviously you will have to negotiate a great deal to meet this qualification.

Hard money lenders can often fund your deal in 24 hours. The interest rates can range from 12 to 20 percent. It's not called hard money for nothing!

During the loan you will be making interest only payments. If you borrow $80,000 at 15% interest then each month you will make payments of $1,000 ((80,000x15%)/12), and these payments are not applied to the principal.

So you finally sell the property after 3 months. You have paid your hard money lender $3,000 in interest only payments, and you still have to pay back the full $80,000. There will probably also be points involved. A point is 1% of the loan. So if your hard money lender also charged you 3 points you would pay an additional $2,400 (80,000 x 3%).

When it's all said and done, your loan cost would be $5,400, for a three-month loan. Not a bad return on a 3-month investment for the lender, and you were able to sell the property for a substantial profit. Sounds like win-win to me.

The requirements will vary by lender, so be sure to check around. There will most likely be an application and some other forms to fill out. Below are the requirements for a couple of hard money lenders in my area.

Hard Money Lender #1
16% + 1 point or 14% + 2 points

LTV (loan to value) 95%

13 months interest only

Points can be paid when the property is sold

Quick turn around

Hard Money Lender #2
13.88% + 4 points

LTV 60%

$400 appraisal fee

$175 initial inspection

$50,000 - $250,000 loans

There are probably several hard money lenders at your local REIA meetings that want to lend you money! Be sure to join your REIA as soon as possible. You can also find additional hard money lenders at the link below.
http://www.realestatelink.net/hardmoney.html

Hard money can work very well for some properties, it's expensive, but the lending requirements are somewhat less stringent and the turn around is super fast. Who cares if you pay $7000 for a short-term loan, that enables you to quickly close a $40,000 deal!

Private Money lenders

Private money lenders, as the name implies are individuals or entities that lend their own private money. They are looking for ways to invest their money and earn an outstanding return. Real estate is probably not the only investing source that private money lenders use, and is probably not how they made their money.

Private money loans are also short term for the most part, they are not interested in tying their money up for several years in a single transaction. It will vary by lender, but plan on a term of 6 to 36 months.

These loans are purely based on the equity and the value of the property. Private money lenders also want to see a LTV of 60 to 70 percent. Again, the property serves as the collateral and not the Investor's credit history.

The interest rates will be considerably higher than conventional rates, remember these lenders are looking for a substantial return on their investment. The interest rates will probably range from 14 to 20 percent.

As with hard money lenders, there may be points involved. It really depends on the lender's level of sophistication and the relationship you build. Some of these lenders are literally people who have inherited a fortune and don't know what to do with it. Some might have advisors, but their advisors may not know a lot about real estate either!

Once a relationship is established with a private money lender, there is very little formality involved to get funding. It can be as simple as making a phone call and picking up a check, which allows the deal to be closed very quickly. In fact many times a private money lender is calling the Investor to ask if they need more money. Isn't that a great situation to have?

Once a personal relationship is established you can contact your private money source any time that you have a good deal, and get the money quickly. Some Investors will literally buy a property at the courthouse steps…

…and call their private lender to have the money available in a matter of hours. Now that's a relationship worth establishing!

Private money lenders are a little harder to find. You can try asking around at your REIA meetings and asking your Mentors, but this is one source they may not want to share.

Try placing ads in some of the better known financial newspapers like the Wall Street Journal, as well as the most prominent daily newspaper in your area. You can place your ad in the "business opportunities", "real estate opportunities" and other similar sections of the paper. You want to get your ad in front of the wealthy people, so select an appropriate area to advertise in.

The ad can look something like this:

Real Estate Investor has opportunity for private investor to earn 16%, secured by real estate.

Call 123-456-7890

Figure 38 - Sample Private Money Ad

Just like any other advertising you want to target your message and let them know what's in it for them!

Don't be completely reliant on one source, they may have their funds tied up in another investment, and won't be able to quickly finance your deal. Always have a back up plan.

Roth IRA

More and more Investors are starting to use a self directed Roth IRA as a funding source. Using a Roth IRA account, your IRA becomes a private money lender. But, instead of a 16% return your IRA will get 100% of the profits!

A Roth IRA has significant differences from the traditional IRA that you are used to hearing about. A traditional IRA allows you to make contributions each year, which are invested fairly conservatively by your administrator. But even with a conservative rate of return your IRA will grow significantly over 20 years.

Currently you can make annual contributions to a traditional IRA as follows:

Year 2004 - $3,000
Years 2005 – 2007 - $4,000
Year 2008 - $5,000

These contributions are tax deductible, but are taxed when withdrawn at retirement time.

With a Roth IRA you determine how the funds are invested, and you guessed it, you can invest in real estate! You are limited to the same contributions as shown above, and they **are not** tax deductible. However, when you withdraw your funds at retirement, which is allowed at age 59-1/2 (as long as the account has been open for 5 years) you get your funds **tax-free**. What a bargain!

Who's eligible? Good question. Current eligibility is outlined below.

You must have taxable earned income, and your modified adjusted gross income must be **less than:**
$160,000 for married filing jointly
$110,000 for single or head of household
$10,000 for married filing separately

You better hurry up and open your account before your income exceeds the maximum!

How do you buy real estate with your IRA? Another good question. It goes something like this.

Open your Roth IRA account.
Find a Motivated Seller and contract with them.
Contact your Roth IRA administrator and direct the funds to your closing agent.
Close the deal.

Your IRA has now purchased the property. When you sell the property the profit goes into your IRA tax-free. Even though you can only contribute $3,000 yourself, your IRA can earn unlimited

profits on your transactions. As you can see your retirement fund can grow very quickly, and when you take the funds out at your retirement, it's tax free!

You can also set up Roth IRAs for your spouse, children and grand children. You can use the funds in the children's account for college expenses. You don't have to withdraw your funds, your IRA can become part of your estate and be included in your will.

Be sure to check with your CPA, as there are some rules you will need to follow. It's an invaluable investing tool, and it's not overly expensive to open an account. To get more information and open a Roth IRA account you can click on the link below.
http://www.trustetc.com/

Partners

Partners are another great way to get started. With your real estate jobbing skills you will know how to find tons of Motivated Sellers, which is often the hardest part of real estate investing.

You have the energy, the know-how and the ambition to go out and find deals, but you may not have the money. That's where a partner comes in. You can offer to do all of the leg work; find the deal, work with the seller, run the paperwork around, etc. In

exchange your partner can provide the necessary funds to get the deal done. Then you split the profits 50-50.

You can find partners in your Mentors, and at your REIA. Most established Investors are willing to work as partners with other Investors. Sometimes they have more expertise in a certain area, and are willing to lend it, in exchange for a portion of the profits.

For instance one Investor may specialize in homes that range from $500,000 and up. You come across what appears to be a good deal on a $750,000 house, but you don't feel ready to tackle a deal of this magnitude. Simply offer to bring in a more experienced partner and share the wealth.

If you follow the win-win rule, things tend to work out for everyone and they will want to work with you again. Take these partner opportunities and learn as much as possible, and you will soon be able to handle these transactions yourself.

When you are a pro; don't forget to partner with a Newbie, who is an eager beaver just like you!

Owner Financing

Owner financing or owner carry back, is as the name implies when the owner of a property takes a promissory note and in essence provides financing for the deal.

This can be in a first position or a second position. Many times a seller will want some of their equity before they will do the deal. Investors will sometimes pay for the equity in monthly payments over a period of time, in the form of a note or mortgage.

This is one of the common no money down methods used to buy real estate. You are in effect having the owner finance the deal, without any up front money from you.

You can also provide owner financing to your tenant buyers. You set up an interest rate and term, and each month you will receive payments that reduce their loan balance. Instead of the bank making all of the interest income you will get it.

If the loan goes full term, depending on the interest rate, the interest income can be triple the purchase price!

Friends & Family

Don’t overlook friends and family as a potential financing source. In fact my mother-in-law was my first private money lender. I know it may be a little awkward approaching them, but remember it’s an investment, not a loan.

If they have some extra money it's probably earning next to nothing in a CD or savings account. How do you think they will react to the chance to make 15% in just a couple of months.

If they invest $2,500 in your deal, and you pay them back $2,875 after two months, that's $375 in interest they have earned! How long would it take to get that return at the bank?

Present a proposal to them in a professional way. Make a presentation that includes pictures, comps, your estimated repairs and the expected turn around time. Be sure to explain that this is an investment in real estate; and do not refer to it as a loan.

When your friend or relative agrees, write up the terms and sign a promissory note with a specific due date. Be sure to include in plain language how much they will reap from this great investment.

The word of the fast and high return on investment will travel fast. Next time they will line up to ask to invest in your properties! It makes them realize what a small return they are getting at the bank. So, don't overlook friends and family!

Conventional Loans

Sometimes Investors go to the bank and get a conventional mortgage. The usual requirements apply, good credit, high-income and large down payment. Sometimes the interest rates are so low, that it allows a very large cash flow on tenant occupied properties.

It would be very difficult to do all of your deals this way. Your credit will have a limit at some point, and of course you are personally responsible for all of the loans. Not to mention all the lender based closing costs that you will have to pay.

Conventional financing can be effective in certain situations, but try not to make it your primary source.

Personal Lines of Credit

Personal lines of credit are available in both secured and unsecured forms. Secured lines usually use your personal residence as collateral. An unsecured line requires excellent credit. A line of credit allows you to call the bank and pick up a check or even write the check yourself.

This is a quick way to get cash, but obviously shows up on your credit report and can affect future lending. This is also a good way to build a relationship with your banker. If you have small local based banks, then these are the best to try and build relationships with. Start small and work your way up.

Credit Cards

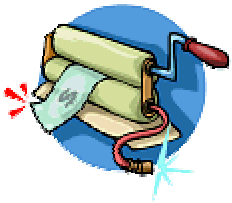
I think everyone is familiar with credit cards. The interest rate is high, but sometimes you can transfer the balance to other credit cards with a lower or even zero interest rate. Cash advances are usually available for an additional charge.

Credit cards for the home improvement and appliance stores can come in handy if you need to paint and carpet or replace some of the appliances. Many times you have 6 months to pay before the interest begins. This is another excellent way to use money now and pay it back later. You are buying time until you can sell the property and realize your payday.

Many credit card companies allow you to earn frequent flyer miles for your purchases. Your real estate investment purchase can quickly earn enough miles for a couple of first class tickets, so…

…pack your bags and take a vacation! The best part is your purchases should be tax deductible. Be sure to check with your accountant.

Make Your Own Money



Well, I didn't mean it literally! I know Robert Kiyosaki, actually did make his own money as a youth. Please be sure to add Robert Kiyosaki's "Rich Dad Poor Dad" to your library.

Get creative and come up with several ways to make money yourself to use in your business. I'll give you a few ideas, and I'm sure you will come up with many more.

Cooperative advertising, such as placemats offers an excellent chance to make some money. By doing the legwork you keep the profits.

One man's trash is another man's treasure! You may have some collectibles, CD's, movies etc. just taking up space. You just might be able to sell these items to anxious buyers on EBay. Give it a try! http://www.ebay.com/

Use your other skills and talents. Do have a special knowledge or skill with crafts, computers, auto repair or cooking? If you really think about you will find you have some special knowledge that people will pay to gain. Offer a seminar or report or website on this subject.

Think outside the box, there are an unlimited numbers of ways to make your own money. Even if you don't make enough to fund a deal, you may offset some of your advertising costs.

When it comes right down to it, the cost of money should not matter if your profit margin is big enough. So you make a little less than you thought.

After all, how much will you make if you can't do the deal?

Recommended Resources

The websites listed below offer some great information on a number of financing sources.

Fannie Mae
http://www.fanniemae.com/index.jhtml

Freddie Mac
http://www.freddiemac.com/

US Department of Housing and Urban Development
http://www.hud.gov/

Veteran's Administration
http://www.homeloans.va.gov/

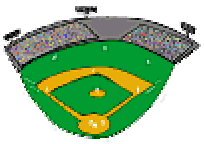
YOUR REAL ESTATE INVESTING BUSINESS

You may be wondering, "How do I decide what area of real estate investing to pursue?" Well, the good news is you don't have to decide right now.

This is another reason why Real Estate Jobbing is the perfect way to begin your investing career, you will be exposed to a variety of investing styles and strategies. Use your time as a Jobber to explore the different strategies and talk to fellow Investors and Mentors. Find out what they like best and why.

You can then begin to think about the strategies you want to employ. Which do you like the best? Which is the best fit for your personality? Which do you think you will be most successful at? Guess What? You still don't have to decide on just one. Try them all and see what works best for you? Maybe you are a Transaction Engineer in the making!

There are so many avenues and specialties to choose from, make sure to…



…play the field and get some exposure to all of them.

Your Office

Don't let your office look like this!

When you take the next step it's time to make sure your business is set up and runs like a professional operation. This is your real estate investing business; your livelihood and you must treat it with the seriousness it deserves.

It's time to dedicate an entire room to your real estate investing business. You can begin to budget and plan for this during your jobber business.

You should preferably have a room with a door, which will allow you to have some privacy and conduct business professionally. When you work from home it's important to have your "work space" dedicated. Also get up and get dressed each day just like you were going to your old job.

You will need a desk that has ample room for you to work, write letters, make calls etc. You will have to continue to be organized to keep your business running at top performance. You will have many more forms to deal with, and a good filing system is a must.

A four-drawer file cabinet is a necessity. You will be surprised at how fast your drawers fill up. I can't tell you how to set up your

filing system, as you must develop a system that allows you to find what you need, when you need it. Don't let your filing pile up to high, stay on top of it and file things away at least weekly.

You will want a relatively up to date computer system, with a high-speed Internet connection. You will spend a lot of time searching the public records, and time is of the essence. As technology improves more and more information will be available online at your fingertips, and you want to make sure you can grab it.

Get a digital camera, a scanner and a way to send and receive faxes. Digital pictures will soon be the norm to include with all property communications. You can quickly turn any document into a digital document with your scanner. If you don't want to set up a separate line for a fax machine, then be sure to sign up with eFax.com, it works great.

Make sure you have a very reliable way to back up your files, and adequate power interruption protection.

Don't let your business get wiped out…

…by a single strike of lightning!

Get your jobber website up and running ASAP, it will be very easy to transform it to your investing business website. You know from Volume 4, that the Internet and websites will soon be the way most

successful businesses are run. You won't be taken seriously if you don't have a great website. Get a head start and get going now! http://www.realestateJobber.com/web_tools.htm

You will want a dedicated business phone line, even if it's a cell phone. You don't want Motivated Sellers or buyers calling your home phone number. Remember you are running a professional business. Don't forget your professional answering service.

You need professional business cards. This is one of the easiest and most cost effective ways there is, to spread the word about your business. Give them out to everyone, include one in your local bill payments, leave them in shopping carts, make sure your family has a good supply to pass out as well.

You will have to do some financial record keeping and QuickBooks is the way to go. You can use this software even if you don't have an accounting background. You will have to coordinate with your CPA the best way to record your entries, and how to communicate the information to them. With a little practice QuickBooks will soon be second nature.

Be sure to set up budgets. How much will you spend on advertising? How much will you spend on education? How much will you spend on office supplies? Now how much did you actually spend on these things? You will only know if you have a good accounting system in place.

If you are over budget analyze your expenses and determine if they were justified and adjust your budget appropriately.

Stay organized and plan your weeks out. Use some sort of planner to organize your time. At least weekly, preferably daily make a "to do" list of tasks, which need to be accomplish to hit your monthly goals. Your business plan should be a guide for what you need to do in order to achieve your long-term goals.

Write down all of your appointments. At the end of the month review your performance and note anything that held up your progress. By staying organized and tracking your progress, each month you will be able to get more and more done.

Keep your car neat clean and in tiptop condition. It's an extension of your home office. Track your mileage! It adds up fast and can be a big help during tax time. With all of the money you will make you are going to need every deduction you can get! But good record keeping is a must to substantiate your deductions.

Keep an adequate stock of office supplies. File folders, copy paper, paper clips, staples, these are all things you probably took for granted at your job. You will need them. There's nothing worse than getting ready to print out a sales contract only to find you are out of ink. It's 10:00 at night and now you have to wait until the next day.

You may be able to get your office supplies cheaper online. Shop around and know the lead-time. Keep some extra supplies on hand in case of an emergency.

Most importantly, develop systems. This will make your business operate much more efficiently. You will have to experiment and see what works best. In the beginning keep a log of everything you are doing. Review your tasks and ask yourself. "How can I improve this process?

Keep working to streamline your systems. As your business grows you will want to develop written policies and procedures. One day you want your business to be able to operate without you.

This way you can use your frequent flyer miles and spend six weeks in Australia…

…and everything will keep running smoothly!

Put in the effort and time to get your office set up in a way that allows your business to run smoothly. During your jobber business phase you can begin budgeting for your office set up, and you will already be half way there.

Your Team

That's right, real estate investing is a team sport, and if you want to be successful, you will have to build a strong team. No matter how badly you want to, you can't do everything yourself. You just won't have the time or expertise.

Again use your time as a Jobber to begin thinking about who you want on your team. Get referrals from other Investors and your Mentors. Hopefully everyone you select will have some real estate investing experience. You don't need teammates who tell you this can't be done.

You will build your team over time, not overnight, sometimes by trial and error. Yes, you will have to pay your teammates, but if you have chosen wisely you will get your investment back many times over.

Let's take a look at a few individuals you'll want on your team.

> **Your spouse/significant other** – my wife is my most important teammate. I have been lucky and had her support from the beginning, no matter how strange this real estate investing stuff sounded at first!

Try to get them to attend meetings with you. Encourage them to become an expert in some part of your business early on. Be sure to share the credit for your success with them.

If possible get your spouse/significant other involved in the business somehow. Even if it's just going to the post office or helping with errands.

Retailers – if you are wholesaling a list of qualified buyers is a must. Have as many available as possible, to cover any kind of deal that you run across. Make sure they can come through with the cash when it's time to close! Don't forget to have a backup plan.

Attorney – you will have contracts that need to be reviewed, need help with closings, and just need legal advice on your business. Select an attorney that is familiar with creative real estate investing.

CPA – you want a certified professional keeping your books, preparing your financial statements, and advising you on tax issues. Make sure they understand creative real estate investing, or you will pay for it big time in April!

Title Insurance Company – to handle title searches and the closing of your deals. You may also choose to use your attorney for this function.

Insurance Agent – you will need insurance for all properties that you buy and hold for whatever reason. Not to mention liability insurance. You will probably want an all-encompassing umbrella policy to protect you and your business. Again select an agent that is familiar with what you do.

Realtors® – yes, you want Investor friendly Realtors® on your team. It will probably take some time to find a few, but they are worth their weight in gold. You will be their buyer of last resort. If a listing is expiring, then they can help steer business your way. Return the favor by offering them a referral fee, and list properties with them from time to time, when there is enough room in your deal. Don't forget Realtors® have access to the MLS.

Mortgage Broker – If you need to help a tenant owner get financing a mortgage broker can come in handy. They can start early in the process and try to get your tenant owners a mortgage to cash you out. Get referrals and stay on top of them throughout the loan process.

Inspector – eventually you will become pretty good at inspecting systems and even estimating repairs, but until then use a professional. A wrong evaluation can cost you thousands.

Contractor – this is the best person to estimate repair costs. While your Inspector can spot things that need to be repaired,

your contractor can give you accurate labor and material estimates. Again make sure you get referrals.

Appraiser – again, you will eventually get very good at this, but have an appraiser on your team as you will need help in the beginning. You may find a deal in an unfamiliar area, and your appraiser can help you out. You should be able to work out a discount.

Mobile Notary Public – some documents have to be notarized and you don't want to wait until the next day when a Motivated Seller is ready to sign your contract. Give your friendly mobile notary a call, and they will come and meet you at the property. Mobile notaries should be listed in the yellow pages.

Your "guys" (meant as gender neutral)

- General handy guy
- Plumber guy
- Termite guy
- Roofer guy
- Painting guy
- Carpet guy
- I think you get the point!

Assemble a winning team, and make sure it's win-win for everyone. Don't be afraid to throw a little extra money or gift certificates the way of a very helpful teammate who has gone above and beyond.

Your Investor Tool Kit

You will need to keep some tools with you for various situations that you may run across. Be prepared. Here are a few tools to have with you in the car.

Blank signs – when you buy a property you can immediately place a "Rent to Own" sign in the yard. Use a magic marker and write whatever message you want on them. They are fairly inexpensive and very handy.

You can get them as cheap as $.65 each at the website below.

http://www.signsupplystore.com/signblanks.asp

Map – you don't want to get lost or be late for an appointment because you don't know where to go.

Long screwdriver – this comes in handy when checking for termite damage.

Tape measure – you may have to verify some of the room sizes. There may be room additions that were not included in the public records.

I use the Strait-Line Laser Tape. You just point and click and you get an accurate measurement. It even has a memory function that allows you to calculate the square footage of several rooms, and then get a grand total, very handy. You can get one for about $40 at most home improvement stores.

Flashlight – if you're looking at a junker, chances are the power will not be on. Get one that provides plenty of light.

Insect spray – you never know what you will run into in some of these houses. Be ready with insecticides for wasps, ants, fleas, mosquitoes, etc.

Disinfectant wipes – some houses will be pretty dusty and dirty.

Pry bar – if you are dealing with reposed or foreclosed homes, the agent in charge of the property may tell you to, "get in any way you can."

Digital Camera – always be ready to snap a picture to quickly pass on.

Your briefcase – you never know when you might have the opportunity to close a deal. Make sure you have:

- Pens, preferably with your company information printed on them. Don't forget your permanent markers for your signs!
- Your contract "package"
- All of your buyer and seller forms
- Note pad
- Calculator
- Digital voice recorder
- Loan amortizing tool
- Checkbook
- Plenty of business cards
- Cell phone
- Door hangers
- Flyers

Think of this as your tool kit for investing success.

Your Legal Considerations

Make sure your business is legal. Check with your attorney to assure that all of your bases are covered. Get any business or occupational licenses that are required. You don't want to end up having to budget fines into your expenses.

Consult with your attorney to determine which legal formation is best for your business. I use a LLC, as they are very inexpensive, easy to set up, easy to maintain, and offer good protection in Florida.

Work with your CPA to understand the tax ramifications that some transactions will cause. There are many issues to consider such as dealer status, 1031 exchanges, capital gains, etc. If your CPA does not understand what you are referring to, get another CPA immediately.

Be sure to also talk with your CPA about a self directed Roth IRA, and how it can benefit your business.

Real Estate Jobbing Volume 5

Don't Forget…

…that these are things you will have to deal with in the future, when you begin investing yourself. For now concentrate on building your jobber business and beginning to learn the ins and outs of real estate investing, but don't completely overlook the big picture and your long-term goals.

It's never to soon to start planning for success.

Real Estate Jobbing Volume 5

Recommended Resources

"Own Your Own Corporation"
Garrett Sutton

www.amazon.com

"Easy Accounting for Real Estate Investors"

Diane Kennedy

www.amazon.com

"Wealth Protection Secrets of A Millionaire Real Estate Investor"

William Bronchick

www.amazon.com

"Financing Secrets of A Millionaire Real Estate Investor"
William Bronchick

www.amazon.com

SOME FINAL THOUGHTS

I hope you now have a better understanding of the real estate investing business. You should now have a very good idea of what is involved at the next level.

As you are building your jobber business think ahead to how it will affect your real estate investing business. Always be conscious of what your goals are. The work you put into your jobber business will carry over to your investing business. So, take care to build your jobber business the right way.

You should also now understand that you **can** become a Real Estate Investor. It's not beyond you. Follow the lessons from this course, work with Mentors, learn hands on and you will be very successful as a Real Estate Investor. Be patient, it won't happen overnight.

You will see everything discussed in this Volume first hand when you get your jobber business up and running. Get out and talk with Investors, they will be impressed with your knowledge. Join your local REIA and participate in the general meetings, subgroups and the sponsored educational sessions and seminars.

This will keep you around like-minded people and further enforce your motivation that this real estate investing stuff really works and happens every day. Don't skimp on investing in education!

Above all you should now realize how important your real estate jobber business is. Not one real estate investing transaction can

happen without a Motivated Seller. Learn the jobbing business inside and out. Find multiple ways to locate Motivated Sellers, become a master of the public records, and market, market, market. It's easy to see how real estate jobbing will pay off at the next level.

I did not say it would be easy. It definitely will **not** be easy. You have to have a mind set to persevere, and not give up. You know it's a numbers game, so keep cranking out the numbers!

You will probably want to re-read this Volume again in a couple of months, and it will click a little bit more. You will also hear a lot of the things we discussed out in the real world, and hopefully you will think back to Volume 5, and start to put 2 and 2 together.

To get a good perspective, check out the trials and tribulations of a real life new Investor. Troy Chandler Ross started this blog so others could follow his progress as he ventured forward in his real estate investing business. This should also help you appreciate the real estate jobbing path that you chose.

Start at the bottom of the page and read upwards, as the earliest dates in the diary are at the bottom.
http://realestateinvestor.blogspot.com/#top

Real Estate Jobbing Volume 5

COURSE SUMMARY

We have covered an enormous amount of material so let's recap what we have learned.

In Volume 1

You were introduced to Real Estate Jobbing.

It's not safe to leave your financial well being in the hands of someone else. Building a thriving business is the only way to assure your financial security and take control of your life. You should choose a business that has little risk, a stable product and the ability to grow.

Real estate investing is the perfect business to build, as it offers a flexible schedule, a never ending market, no licensing requirements and the opportunity to earn a tremendous amount of money.

The qualities that an athletic champion displays are the same qualities that successful business people will need to strive for. Fear is a major reason why many people don't achieve their dreams. Fear is something that can be embraced and used as a learning experience. Once familiarity is gained fear is conquered.

Real Estate Investors buy and sell properties for a living, and are well paid for their efforts. They have flexible schedules and usually work from home.

Real Estate Investors are able to earn a great deal of money, because they only work with Motivated Sellers and are able to buy properties for less than market value.

People become Motivated Sellers for a number of reasons including, financial troubles, divorces and job relocations just to name a few. Real Estate Investors are able to help some Motivated Sellers by taking over a troublesome property.

This sometimes provides cash for the Motivated Seller, and saves their credit from a major blemish.

Real Estate Jobbing is a numbers game. A successful Real Estate Jobber has to generate hundreds of leads each month. There are very few Motivated Sellers in comparison to the total market of sellers. Looking for leads is like a detective searching for clues to solve a case.

There are three general levels of real estate investing, the Jobber, the Wholesaler and the Retailer. The three levels are separated by the amount of financial risk involved.

Jobbers earn the least amount of money and have zero financial risk. Wholesalers can earn considerably more money and have

moderate risk. Retailers earn the greatest amount of money while experiencing the most risk.

We reviewed the requirements for starting your own jobber business. The most important of which are intangible. However, we established that a computer system should be obtained as soon as possible, and the advanced tools such as a website would greatly help your business.

In Volume 2

We learned how to find Investors, a multitude of ways to generate leads, and how to set up a framework for the management structure of your jobber business.

We found out that it is very easy to become a Real Estate Jobber. There are no special qualifications required.

There are a variety of methods that Investors can use to pay you for successful leads. You will negotiate the payment arrangements. Be creative, because there is nothing set in stone dictating how you should be paid. The most common method for beginners is to use a flat fee.

We reviewed four easy ways to find as many Investors as you care to work with. Most Investors will be anxious for you to find leads for

them. We also determined that a course of action must be set along with your long and short-term goals in order to succeed.

Your financial expectations should be based on a combination of the number of leads that you generate and the referral fees negotiated with your Investors. You will have to generate hundreds of leads in order to build a steady income stream.

Learning to use the public records will be critical for the success of your jobber business. The public records contain the detail information that your Investors will need. Providing this information is what makes your service so valuable.

The Property Appraiser and Property Tax records will be used for almost every lead. The names of these departments will vary by county and state. The clerk of courts is your best starting point to get information.

You were introduced to dozens of sources for generating leads for your Investors. There are direct marketing sources, paid marketing sources and passive marketing sources.

Initially you should use a combination of lead generating sources to maximize your earnings.

You can increase your income and knowledge by providing premium leads to your Investors. You can take the extra step of contacting the property owner yourself and further qualifying the leads.

We looked at managing your business and the importance of organizational skills. By maintaining and using the Master Lead Log you should be able to calculate the basic Real Estate Jobber financial ratios.

This will help you determine which Investors have been most effective, and will make the best Mentors.

The most important thing is to get your jobber business started as soon as possible. Follow the steps in the 10-day quick start and begin generating leads!

In Volume 3

We spent a lot of time with Joanne Jobber. We saw her take her business from just a wish to reality. She made some mistakes along the way, and so will you.

She always bounced back and learned from her mistakes, and you must too. I hope she gave you a few ideas of what to expect and how you can get your business underway.

There are some important lessons to take away from Jo's experiences…

- Always believe in yourself, even if you haven't in the past. Use the resources in the Jobber Biz Toolz and suggested

reading to help motivate you. You will probably be your only source of motivation in the beginning.

◈ Don't give up. Success usually does not happen overnight. No matter what, keep going. You can't hope or wish your way to success. There is no magic formula; you have to make it happen. If there were a magic pill everyone would be taking it.

◈ Work on your business everyday. Do something every single day to move closer to your goals. Don't take off the weekends; use that valuable time to further your business. Remember, some short-term sacrifices are necessary for long-term success.

◈ More leads = more money. Try every lead source and see which works best for you. Don't discount any lead source before giving it a try.

◈ Know your business. Analyze constantly, always looking for a better more profitable way. The business is simple; find leads for Investors. But you want to make sure you are providing leads to, and working with Investors that get results. This will only happen if you understand what lead sources generate your money and which Investors are productive. Know how many leads it takes to generate a referral fee for each source.

◈ Always seek to increase your knowledge. Read as many applicable books as you can. Listen to as many audiotapes as you can. Attend your local Investment Club meetings and sub-group meetings. Learn as much as you can from your Investors and Mentors.

◈ Give back. Community service should be very important to you. Don't just take, but give back also. You are making your money in your community so cheerfully give back. It will come back to you over and over again. Remember, win-win.

◈ Set goals and plan. Don't wait to decide what you want out of life. Give it some thought and write down what you want. Dream big. Once you understand how to generate income you will be able to put a plan together to achieve your goals, just as Jo did.

◈ Do your research. Investigate the various legal processes in your state and county. Don't take anyone's word, do your own research and learn for yourself. Learn the foreclosure, probate, divorce, tax lien, eviction and other legal processes for your area. All of the research information you need is probably available somewhere online. Start surfing.

◈ Visit your county courthouse. Learn where all of the public records are kept and learn how to use them. Ask for help from the office workers and treat them with respect. The more you learn the more efficient you will be at generating leads.

- Make your business legal. This goes along with research. Make sure to get the necessary permits and licenses.

The document examples throughout this course are meant to simply give you an understanding of the document. This does not mean that the documents used in your area will be identical in appearance or name.

There should be some similarity in the documents, and you should at least have an idea of what to look for. Remember what worked for Jo may not work for you, but it's worth a try.

A number of factors including, but not limited to, your market, your document availability, your efforts and local laws and regulations will play a role in determining your results.

In Volume 4

You now understand that many small business owners already consider websites invaluable business tools. They have several important uses including, customer service, advertising and merchant services just to name a few.

The Internet has grown tremendously in popularity over the past few years, and is expected to keep gaining popularity into the

foreseeable future. The sheer volume of information available makes the Internet indispensable for many businesses.

The Internet has revolutionized person-to-person communication with e-mail and websites. Information can now be shared immediately with friends, family, co-workers and business to business. Convenience is another major reason why people have embraced Internet technology.

The future of the Internet is bright, as the use of portable connection devices like cell phones and laptops will allow access to the Internet from just about anywhere.

High-speed access will enable users to connect more quickly and download applications 90% faster than dial up. The use of portable connections and high-speed access is expected to skyrocket over the next 4 years.

Websites were used primarily for retail operations a few years ago. However, now it's an essential business communication and information-sharing tool.

Real Estate Investors are underutilizing websites and failing to grasp the value. A website is a perfect tool for Real Estate Jobbing that can add another dimension to your business. An effective and professional website can be "home made" if the process is understood.

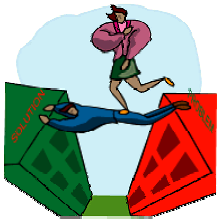
There are several components that must be considered when building a professional website. You must have a computer system, software, a domain name and a web hosting service. A merchant account is required to accept credit card payments online.

Building a website is a cycle that is always evolving. It's essential to carefully go through the vision process, as this will determine the goals and purpose of your website. After the website has been built it must go through several steps of testing to ensure it's as error-free as possible.

After the site is launched it's necessary to get feedback from your users. Improvements to the site are based on this feedback. It is also important to update your website regularly and keep the content fresh.

Your website can be used to generate revenue in a variety of ways. Be creative and use your new business tool to its fullest potential!

In Volume 5



We discussed how to take the next step and got an idea of what to expect at the next level. We know that Motivated Sellers will always be required for a profitable real estate investment transaction.

Continuing your education will play a major role in your development as a Real Estate Investor. It's an investment in yourself that will pay dividends many times greater than your initial investment.

We learned the basic property buying process and the steps involved. We also took a brief look at what it takes to operate a real estate wholesaling business. You are constantly wearing two hats, a buyer's hat and then a seller's hat.

Contracts are the basis for all real estate transactions and can make or break a deal. As a Wholesaler you will have two contracts, a buyer contract and a seller contract. There are many kinds of contracts for various transactions. The right contract is dependent on the strategy being used.

We looked at a few of the "hot" investing strategies being used today. We had an overview of the Subject to, short sales, lease options and buy and hold strategies. There were several recommended resources that will give a more in depth understanding of each of these strategies.

You now know and understand that money is needed to buy real estate; the only question is whose money will be used. There are hundreds of ways to finance real estate deals, and we looked at just a few.

Finally we discussed the importance of setting up a professional environment for your office. Real estate investing is a serious

business, and you will need a dedicated workspace. Good record keeping is a must, as there are many tax considerations to keep in mind. Real estate investing is a team sport and to be successful you have to build a dependable team to help you out.

There You Have It!

It all boils down to…

…taking action!

You have read all 5 volumes of the Real Estate Jobber Course, and honestly you already know more than some practicing Investors. The only thing that can possibly hold you back is non-action.

Be daring and take a chance, be willing to become successful. Follow the recipe for success and believe me, it will come.

My Recipe For Success

Here are the ingredients for…

… my recipe for success:

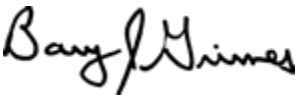
- Determination and a burning desire
- Patience
- Continuing education both hands on & books
- Build a great team
- Create win-win transactions
- Never, never, never give up

Follow this recipe and you will have all of the success that you deserve!

Happy investing and live your dreams!

I will close with my favorite quote:

"You can't change your life, unless you change your life."
----------Barry J. Grimes



APPENDIX A – FREE REPORTS

Feel free to use the reports in this section for your website or to just print and give out to Motivated Sellers. Be sure to read through them before using, as you will need to personalize each report to fit your business.

Add your own flair and make them your own. The "Foreclosure in Florida" report is obviously state specific, so review your state's regulations and alter accordingly.

Some reports are for your Motivated Sellers and some are for your motivated buyers. You may want to divide them into the two categories on your website.

These reports are all available in your Jobber Biz Toolz in an electronic (MS Word) format. If you don't have Word, the 602Text software included in your toolz will work great.

Special Report: Foreclosure in Florida

FORECLOSURE IN FLORIDA

Courtesy of:
EZ Property Solutions LLC
(866) 569-1659
www.homesos.com

There are more than 900 foreclosures in Central Florida each month. There are many underlying reasons for the high foreclosure rate including job loss, divorce and medical bills just to name a few. Many of these things are beyond the homeowner's control.

We understand that bad things can happen to good people. It's probably just a temporary setback and all that is needed is a second chance. A little education can go a long way. We work each and every day to prevent properties from going back to the bank, and people's credit record from being devastated.

The purpose of this Special Report is to help you understand how the foreclosure process works, and why it's best to avoid foreclosure if at all possible. Please use the information in this report to understand the process and take action before it's too late.

Does Bankruptcy Stop the Foreclosure Process?

Yes, filing bankruptcy will stop the foreclosure process, but only temporarily. Bankruptcy is not a cure for the problem. By filing bankruptcy, the borrower can get even further behind in their payments. During the bankruptcy process foreclosure proceedings are halted, and the bank can no longer "hound" the borrower about past due mortgage payments.

Once the bankruptcy is finalized and the debts discharged, then all of the past due mortgage payments, plus the payments that accrued during the bankruptcy proceedings are due. If the payments, penalties, interest and attorney fees are not paid, then the house will be foreclosed on.

A bankruptcy can blemish a person's credit report for up to 10 years, but they may be able to qualify for another mortgage (at a high interest rate) in a year or two. A foreclosure can delay qualifying for a mortgage for a much longer period of time.

For a conventional loan the wait is probably 4 years after the date of the foreclosure sale. For a FHA loan it is 3 years. There are some loan programs available in a shorter period of time, but typically a 20% down payment is required, and interest rates will be 2-4% higher than the going rate.

"Foreclosure Has a Long-lasting Effect"

For any homeowner facing the threat of foreclosure, he or she should carefully consider all options before allowing the home to go back to the mortgage company. Foreclosure has long lasting effects that can haunt a person for years down the road.

Besides the obvious fact that a homeowner will lose his or her house, there are other ramifications that will affect someone facing foreclosure including emotional and financial burdens.

Some of the most common effects of foreclosure are:

1) Loss of residence – Often overlooked is the stress and expense of having to move and find a new place to live.

2) Loss of equity and appreciation in the home - Home values usually increase each year. The longer a person lives in a home, the more the home's value increases. In addition, the more payments a person makes on a mortgage, the more he or she decreases the balance owed against the home. In many cases the combination of the equity and appreciation can translate into the homeowner losing thousands of dollars.

3) Increased taxes - A lender that loses money from the sale of a foreclosed home must report the loss to the IRS. Subsequently, the IRS may require the previous owner to report the lender's loss as income on his or her next tax return and pay taxes on it.

4) Inability to borrow money in the future - The most serious consequence facing a homeowner is the immediate destruction of his or her credit profile. A foreclosure is a serious blemish that will label a person as unworthy for credit. This derogatory entry remains on the credit report for at least 7 years. The result may be declined applications for credit, the inability to rent an apartment, not qualifying for employment, and a host of other implications for the person.

5) Lawsuits – Even though some states have anti-deficiency laws designed to protect homeowners against lawsuits from lenders and other lien holders, a company may still be able to file a lawsuit for damages in some situations.

6) Potential loss of employment - Some employers may require their employees to maintain good credit histories. Notification of a foreclosure may be grounds for an employer to fire the person from his or her job. Many employers check each applicant's credit report, and part of the hiring decision could be based on credit worthiness.

7) Loss of self-esteem - Emotionally the stress of foreclosure may have serious psychological effects on a person. The loss of his or her home may lead to depression, loss of self-esteem and embarrassment around family, friends, and others.

You want to avoid foreclosure at all costs.

What Exactly is Foreclosure?

Foreclosure is the legal proceeding in which the bank takes over ownership of a property, because the homeowner has defaulted or missed several mortgage payments.

The foreclosure process starts usually after 3 to 4 months of missed payments. The lender or lender's attorney will then notify the buyer in writing that he or she is in default of the loan. After about 30 days there must be a public notice.

The public notice is usually done in the legal newspaper for the county. The public notice must run for 4 consecutive weeks. After 4 weeks a "Sheriff's Sale" is scheduled.

A Sheriff's Sale is where the property is put up for public auction. The winning bidder at the auction is given a sheriff's deed to the property. The homeowner then usually has 6 months to "redeem" the property.

To redeem the property the homeowner must pay the amount of the highest bid at the sheriff sale plus interest. If the homeowner can pay that amount they receive a redemption certificate that is filed with the register of deeds and they keep the property. If they can't pay it off, then the high bidder at the auction gets the property.

However, there are some situations where the redemption period may be less than 6 months. If the redemption period is less than 6 months it will be stated in the public notice.

Some sales allow the successful bidder to take possession immediately. If the former owner refuses to vacate the premises, the court can issue an "unlawful detainer" that allows the sheriff to come out and evict them.

Again, homeowners should do everything they can to avoid foreclosure, which is one of the most damaging events that can occur in an individual's credit history.

How Can We Help?

We have a variety of creative programs available to help in almost any foreclosure situation. We will be happy to meet with you to discuss your situation and suggest solutions. Remember, our consultation is free and there is never any pressure or obligation.

Don't delay, give us a call today toll free at (866) 569-1659 or visit our website http://www.homesos.com/ and complete the confidential on-line Property Consultation Form.

Thank you and we look forward to working with you.

How to Sell Your Home In 7 Days…

… and Put Thousands More In Your Pocket!

Trying to sell your home can be a nightmare! But after reading this Special Report, you may very well have a qualified buyer within 7 days. Just who is that buyer? **Your company name here!** While we can't promise to buy your home during the next week, we can tell you we're constantly looking for and buying homes just like yours from other homeowners in your area.

Who Are We?
_____ utilizes a group of highly skilled investors who offer expert, immediate solutions like: stopping foreclosure, bankruptcy help, relocation, divorce help, selling estate settlements and dealing with problem tenants and severely damaged properties. If any of these situations describe you, then please keep reading for valuable information that can relieve you of your ownership burdens today!

Why Don't I Just List With A Realtor?
For many homeowners like you facing divorce, foreclosure, bankruptcy, relocation, estate settlements, problem tenants or a severely damaged property, you need a solution today. Trying to sell your home the old fashioned way by listing with a Realtor and waiting 3-6 months for a buyer just isn't an option.

A typical buyer also takes an additional 45-60 days to obtain financing after agreeing to purchase your home. Guess who would be responsible to pay the payments on your home during that period? You would!! That's 2 more payments you would have to make, and that's if you had a buyer today. What if it takes 6 months; what if it takes 1 year? On top of that, if your house needs

work you may have to pay to fix it before the bank will lend the money to your buyer. How much could that cost? Not to mention how much longer it could take to get the house ready to sell.

Unlike commissioned Realtors just wanting to list your house, we are investors interested in actually **buying** your house. Unlike a Realtor's listing agreement where you are responsible for your payments while the Realtor tries to find a buyer, we will oftentimes take over your mortgage payments for you immediately when we purchase your home!

Also unlike a Realtor, there is no listing agreement and no 6-7% selling commission. Additionally, closing costs, which are the responsibility of the seller (that's you!), typically run about 3%. Those two costs alone add up to $10,000 on a $100,000 house. That's $10,000 you would have to pay to sell your home the traditional way!

Why Don't I Just Advertise It "For Sale By Owner"?

People who've never tried to sell a home themselves just don't seem to understand all that's involved: The details, the time, the waiting, the ads that never seem to make the phone ring, having strangers walking through your bedroom. Strangers that feel obligated to pick apart the most trivial features of your interior decorating tastes. Two-faced people, who will smile, nod and act serious, but never call back.

It can be a much bigger hassle than you ever thought possible… in fact, it can easily turn into your worst nightmare; you buy your sign, you place your ad, and you show your home. Then, you wait.

You call back the lookers and leave messages on their answering machines. Maybe you actually get a live one, and write up an agreement.

Several weeks pass. You start thinking something's going wrong. You finally reach your "buyer" on the phone 3 weeks later and they nonchalantly say, "Oh, well we've decided not to buy the house after all, sorry". You're back at the beginning with no buyer and another mortgage payment due in 5 days. This is, unfortunately, a common occurrence experienced by homeowners trying to sell their homes themselves.

How Are Your Programs Different?

We actually want to buy your house, not list it for sale or tie it up indefinitely. We won't waste your time with empty promises or by giving you false hopes. If we can buy your house we will tell you in a matter of days, if not we will give you some suggestions on how you might be able to sell it quicker.

The purchase price will be sufficient, we guarantee it. We can immediately take the financial burden of any monthly mortgage payments off your back, and we'll also take care of any fix-ups or maintenance, regardless of how minor or how serious. What's more, we'll close when you're ready.

You see, we've found we can make a profit on homes that even real estate agents have passed up… because we personally handle the whole process. When we agree with you to purchase your property… we take it seriously… we treat your house like it's our

own. Your situation literally becomes ours. And, frankly, we don't know how to make it work any other way.

Benefits to Sellers

For you the Seller we thought that we should summarize the benefits of our programs. Maybe not all these points apply to you, but most should:

- **Rapid, flexible sale of your home** - You select the date that you want to move out. We can complete our transaction in 7 days!
- **Certainty of Sale** - Avoid the disappointment of 'selling' your home, waiting 45 days for a buyer to qualify and then finding out the deal fell through for any number of reasons. Then the process starts all over again, but the pressure is really on you now.
- **Avoid Sales Commissions** - No need to pay a Realtor the typical 6-7% fee.
- **You Get Quick Relief from Mortgage Payments** - Compare that with a Home Listing that can go on forever!!
- **Avoid Typical Closing Costs** - Avoid the necessity of paying for Surveys, Title Insurance, Deed Preparation, Courier Fees, Recording Fees, etc.
- **Eliminate a Listing Agreement** - We provide a Sales and Purchase Agreement; remember we are **BUYING** your home.
- **Eliminate Time Consuming House Showings** - You won't have to show your home anymore. We'll purchase it the first time.

If you're ready to take advantage of this revolutionary new service, simply contact us, and we'll happily discuss the sale of your home. Need more reasons, then just read on...

You can get on with your life!

Like we said earlier, people sell homes for various reasons. Maybe it's a new job that requires a transfer, and they don't want to carry double house payments. Maybe it's a company downsizing that

creates the problem. It could be bankruptcy or foreclosure… or they could've won the lottery. Perhaps they want to build… they're tired of the same old neighborhood… they need something bigger something smaller. It could be death or divorce… or marriage or birth. Maybe they tried renting their house and the tenants destroyed it or refuse to move out. Whether you're moving across town or across the US, to a new home or to an apartment, you've got other things to concern you. We'll take care of your home.

Whatever it is, that house has become something to move beyond. To sell, to put behind you, so you can get on with the business of living your life.

We're not being cynical… this is reality. Granted we don't know your particular reasons for selling, but we do know how to get your house closed as quickly, and as professionally as possible. In fact…

Here's the game plan to sell your house quickly…

After we agree on the purchase price, and verify the amount you owe on your mortgage (assuming there is a mortgage), if the circumstances are right we may pay all cash at the closing. If not, we may work out monthly payments for a period. Whichever way you go …

You get immediate relief from your monthly obligation to the mortgage company!

Please don't misunderstand or assume that we have to "steal" your home, or that you need a lot of equity, or that your home has to be in good condition for us to be interested. We've worked with all

kinds of circumstances and have been thoroughly trained to create solutions after so-called "experts" have given up and quit.

What do we do now?

We know that this is a lot of information to digest at one time, but if you're still with us at this point, chances are you're interested in doing whatever it takes to GET YOUR HOME SOLD QUICKLY!

If you want an alternative to the stale, conventional ways of selling your home, fill out our _____ form now! You have everything to gain and nothing to lose!

As we said before, if we can't do business, that's OK. We buy lots of houses and we don't have to have this house. We continue to buy houses every day. Homes just like yours.

Just remember that we don't want to list your houses, we want to buy it. We specialize in buying houses quickly. We urge you to let us try. You have nothing to lose.

Finally - We don't know how many months you've been trying to sell your home (or thinking about selling) but every month you wait is costing you unnecessary expenses… eating up the precious income you work so hard to earn. Your home is an asset, and you should sell it as an asset.

Don’t let it become a liability, a burden, and the proverbial "monkey on your back". Even a Dream Home can become a Financial Nightmare. There’s a real good chance that we can help. Don’t procrastinate… contact us TODAY!

Phone Number

Website Form

How to Sell Your House As Is...

....at a Fair Price on the Date of Your Choice...

If you want to sell your house in the fastest, easiest, and most convenient manner, read this important message. You may discover the perfect solution. Selling a house is usually an expensive and complicated process. That's why real estate agents make thousands (sometimes tens of thousands) of dollars on a single sale.

But, when we buy your house, there are no commissions to pay.

And you certainly won't have to tolerate dozens of total and sometimes frightening strangers tramping through your home and poking through your drawers and closets.

My name is _____. I'm with _____. My company is associated with a group of private investors. We buy a number of houses each month across all areas of the _____...and in every price range. But the best part is, we use private funds that require no long, drawn out bank approvals. So we can act fast!

I can usually close within 7 days...or as little as 72 hours. I'm as serious about buying your house as you are about selling it.

That's the biggest difference between me and a real estate agent. An agent will list your house... hoping it sells within 6 or 12 months. I want to buy your house!

And when you're the one with the house for sale, that's a huge difference.

An agent lists five, ten, even dozens of houses at a time, and it's rare if an agent can give all their properties their close personal attention. It's no wonder that a listed home can sometimes take a long time to sell while you, the owner, are stuck maintaining the property and making house payments month after month.

What's your alternative? Of course you could just sell it yourself-without an agent. After all, who knows more about the house than you?

But consider this. How many houses have you bought and sold in your life? Two, maybe three? You haven't had to solve even a fraction of the typical problems that can pop up-right before closing.

Remember, buying a house is a big decision for most people and it's easy for them to get "spooked." At the first sign of a complication or small problem (like a lien, necessary repair, or one of the other typical closing glitches), they can run like a scared jackrabbit.

Then you have to start all over at square one, it's a frustrating experience.

Plus, when you try to sell it yourself, you still have to put up with dozens of strangers trampling through your home, only now you'll have to be there yourself. For some owners, that's a scary thought.

And what if you need to move fast? You could dump the price and hope someone will steal your house, but can you afford to do that? Or, you could go ahead, move out, and leave it with the agent. And every month, while making two huge mortgage payments (most people find that tough to swallow), you hope and pray that someone will buy your old house next month, and the next-and the next. Of course, that's assuming you can even qualify for a new mortgage with the old one still on your back.

And when it's sitting vacant, what's going to stop someone from climbing through the kitchen window and tearing up your property?

Frankly, that's more worry and aggravation than most people need in a lifetime.

Pretty grim, huh? Which way do you turn? To an agent with dozens of other listings to handle? Selling yourself and sweating out financing details, lost deals, last minute closing "surprises"? Moving out and hoping you don't get some midnight call with "bad news" about your house?

Here's a better solution, a way out. If your property qualifies and I come out to see it, I will provide you with a firm written offer. I'll explain everything to you in plain, everyday English. I'll be 100% direct, clear and honest with you from start to finish.

In fact, I can usually "pre-qualify" your home right over the phone, in just a few minutes. That can save us both time. If we come to an agreement, I can (and if you want), we can close in just a few days. I'll handle all of the paperwork and make all the arrangements, and you can get on with your life!

Look. I don't know your particular reasons for selling, but I do know how to get your house closed as quickly, and professionally as possible. Imagine, by this time next week your house could be sold.

Can I really buy your house this quickly and easily?

Maybe. Maybe not. A lot of it depends on you. If you want to get above market price for your house, then you won't qualify. I'm a professional and I do expect to make a fair profit. But I'm not out to steal your house either. My profit will come from my future buyer or tenant.

Does your property meet my requirements? Call me and let's find out. I buy all types of real estate and I'll quickly determine if your house qualifies. If I don't end up buying your house, I'll be happy to share my ideas or advice on what you might try next. You'll still have all your other options available. You have nothing to lose by calling me first. So, if you want to learn more or if you have any questions, call right away at _____ and ask for _____.

14 Questions to ask a Real Estate Agent

- What is your guarantee?
- Do you personally answer all phone calls on the property?
- Can we cancel the listing if we're not happy?
- Do you return calls within 24 hours?
- May I see your personal Internet website?
- What systems do you have in place that will keep you in constant contact with me during the listing and the transaction?
- Are you fully automated with your own personal computer, fax machine, copier, pager, voice mail, etc.?
- What is your average market time vs. other agents' average market times?
- What professional designations do you have?
- How can you give my home the advantage of the latest marketing strategies?
- How much time & money do you invest each year in professional training?

- Can you give me a list of your clients who have closed escrow and can I call them?

- Why are you personally motivated to sell my house?

- Why should I list with you rather than any other agent who is calling?

How to Buy a New Home Now…

…without bank qualifying or a large down...

Stop wasting your money on rent... or living in a house, which doesn't meet your needs. Discover how to move into a better home now!

Some people are tenants by choice. But most people would prefer to enjoy all the benefits of owning a home if at all possible. It can be the single most important investment you ever make. A lot of people's personal wealth is made up mostly from equity they've built through years of responsible home ownership.

We believe buying a home should be at the top of you goal list. And, we have a number of homes for sale right now with flexible owner financing. Our unique approach to selling houses can help you achieve the reward of owning your own home faster and easier than going the traditional route. Here are some of the benefits you'll enjoy working with us:

You can move fast

When you buy a home from us you can move in quickly and easily. Most of our properties are available immediately. We can get you into one of our homes in just a few days with our flexible owner terms or set a date further out.

Compare that to buying an owner occupied home through an agent. How frustrating! First you have to qualify for a loan, which could take 3 to 8 weeks. We require no bank financing. Then you have to

coordinate your move subject to the schedule of the seller. Look out if the seller wants everything contingent on them getting into their new home. Their deal can fall through at the last minute stopping you or delaying you from moving in. That can become a nightmare if you've already lined up a moving van, or given notice to your landlord, or sold your previous home.

You can avoid bank hassles

Banks and mortgage lenders are picky. They prefer to do only the easiest and safest loans. Trying to please them and jumping through all their hoops can drive you nuts. It is especially difficult when your credit is less than perfect or your debts seem too high to the lender. Or maybe you're self-employed or new to the area.

Our owner financing programs make buying easy. You enjoy the peace of mind of having a solid move-in date. There are no last minute lender requirements to stop us from closing or moving you in. Depending on what you want and need, we'll make you a loan to buy or rent the home to you until closing.

Start enjoying your new home even if you are still raising more money to put down. If we decide the best option is to rent to you until we close, you'll have some breathing room and no pressure. We can then work with you to get a favorable bank loan or help you build up the down payment required to close with easy owner financing.

Own your own home...now!

Don't be forced to throw your money away on rent just because you need time to get a bank loan. Each month you get nothing to but receipts...with no equity build up... no tax benefits... no appreciation... and no pride of home ownership.

Are you tired of maintaining and fixing up a house you don't own? Do you want more privacy in a bigger or better house?

Even if you don't have perfect credit... or a large down payment... or if you're self-employed, there are loans available for you. Whatever your current situation, there's probably a home loan that is just right for you. And we'll "walk across hot coals" to get you in one of our nice houses, even if it means financing you ourselves.

Work directly with a creative and flexible seller

Start enjoying all the benefits of owning your own home. Have lenders and brokers told you that you can't qualify? We're a local real estate investment company specializing in helping families buy a home, without the normal hassles of going through the bank qualifying process.

We have nice homes in all sizes, locations and prices. As the owner, we can offer several unique programs that can help you buy a home, even if you don't have the proper financial picture or credit history to please a bank.

Our lending criteria are vastly different from a bank. We'll take into account the circumstances that may have damaged your credit in the past. We'll fairly evaluate your present employment situation

and currents debts. In most cases, we can find a method of financing you, getting you into one of our houses.

Trade repairs for equity or down payment

Would you enjoy working on your own home, doing repairs or remodeling? Do you have time, skills or materials already? Would you prefer to decorate a home to your own tastes, not ours? From time to time we buy several homes that were once beautiful and valuable.

Now, these homes are run down and don't look like much. But with a bit of work, some love and care, and some talent, these houses could be beautiful homes once again. These "fixer upper" properties offer a great opportunity to trade work on a house for equity. Part or all of your down payment could come from work you do to your home. The homes offered go fast so let us know if you'd consider a home that needs work.

Buy with no money

If you're in a position to qualify for a new mortgage, we may be able to help finance your down payment and closing costs. If you can qualify for 100% financing now, we may be willing pay your closing costs. You could get in with no money down.

Some of our buyers can qualify for 95% to 97% bank financing. In those cases, we might recommend one of several "home buying grant programs" available without qualifying. These grant programs can "gift" the 3%-5% down payment you need to close.

Get a new home with a small down payment

There are a lot of creative things we can do even if your credit is less than perfect, or you lack local employment history...or your income is hard to prove, or you have another house for sale... or you're stuck in a lease, or you've had a bankruptcy or foreclosure, or you have outstanding collections.

And when you don't have enough money down to close with seller financing, we have several other programs to give you immediate ownership benefits. Our "lease purchase" or "rent to own" program can get you into the home of your choice with a small down payment.

This program offers a creative way of helping you build equity and enjoy market appreciation. We'll then work with you to get you closed as quickly as possible, with the best mortgage and terms. In the meantime, you can be enjoying your new home, sprucing it up how you want. Since you're in the process of buying the home, we have few concerns about smoking or pets.

Then show off your new home to, and experience a new sense of pride. You'll have the time needed to qualify for traditional financing, establish your income, clean up your credit, build up your down payment or pay off debts.

No reason to wait!

Many tenants are willing to live somewhere that does not reflect their preferred lifestyle because it's "temporary." Don't put up with noisy, unkempt, and sometimes frightening neighbors. Or inefficient

heating systems or poor maintenance. Or undesirable schools. Or rising crime rates. Or what about the landlord who shows up with little or no notice, even entering your home without your knowledge?

When you're in a home of your own, you have more freedom and peace of mind. You deserve to live better. Let us help you improve your lifestyle now!

Stop living in a house that is too big or too small. Stop putting up with uncooperative landlords. Stop getting by in a house that's too hard to maintain. And stop spending your hard-earned money on rent when all you have at the end of the year is a pile of receipts.

Quickly qualify for the best permanent mortgage

The credit reporting services most lenders rely on can be unfair. Rarely does your credit report reflect your true ability to borrow money and keep your agreements. The Fair Credit Reporting Act gives you certain rights and the ability to reestablish damaged credit. We work with several top-notch companies who specialize in helping you raise your credit rating.

If your credit history needs improving, it may take 3 to 12 months to get you qualified for a very favorable mortgage through a bank or mortgage lender. The good news is that we may be able to get you into a nice home now while one of these companies can be handling your case. Our owner financing programs are designed to give you the time you need.

Another way we can help is to refer you to a professional mortgage broker who'll examine your current income, credit and debts. Then they can tell you what's available now or in the future. They'll give you suggestions, and a plan to put you in the best position to get approved. No longer will getting a new loan be a mystery. Having time and a plan to work on your financial situation can save you tens of thousands of dollars in the long run.

Is owning within your grasp?

It's the American dream. Some people will never achieve it. But most people do not have the opportunity you have right now. Let us help you buy a nice home sooner than you expect.

Get on our Buyer's List today! Let's see if we have an attractive home that fits your budget and lifestyle. A home you can move into quickly and easily, with or without bank qualifying. with or without a down payment. If one of the homes available doesn't get you excited, then we'll keep looking, notifying you of our new properties as they become available.

Joining our Buyer's List is free. If you're spending your money on rent now, or if you would like to buy a better home, let us help you. We select several of our properties each month to sell for cash, or with a new loan, or with flexible owner financing.

You may be able to get into a new home without bank qualifying, without a substantial down payment and (in some cases) with no money down. So check out the homes at _____ and then call us at _____. If the line is busy or if you call after business hours you'll get our voice mail. Simply leave you name and number and we will promptly call you back.

Some Reasons to Own Your Own Home

You've probably seen lots of financial arguments about why you should own your own home rather than rent. This includes budgeting (no rent increases) and the tax savings you'll most likely have. The following are some reasons you probably haven't heard:

Freedom to pursue other goals in life once the major goal of home ownership is achieved.

Strange as it sounds, many of our first-time buyers have told us that once they bought the house, other things in their life started to fall into place. It's as if not owning took so much of their mental energy that other goals were not worked on, until that big goal was reached. So buy a home and get on with your life!

A greater sense of belonging to the community.

Once you own a home, you feel more attached to the city in which you live. You're more interested in what happens in town, to the roads, schools, and shopping areas. Some people even become involved in local politics, which you seldom see a renter do.

A commitment to something, a sense of stability.

Home ownership is an anchor, something that cannot be pulled out from under you. You'll never get a notice that you have to move. You're kids will never have to change schools. It gives you freedom to plan years ahead.

You can change things, a feeling of being in control

It's your home. You can add to it, remodel it, change the landscaping, and do whatever projects you want. You have a feeling of being in control of something in your life. At work we don't always have control of what happens, but your home is your castle that you have dominion over. You can see what you're building take shape before your eyes.

More control over the children than in an apartment complex

In a neighborhood, kids usually play in the yards or go to friend's houses a few doors away. In an apartment complex, kids may be anywhere in the complex. In a home you get to know the neighbors and watch out for each other's kids.

Some Tax Advantages of Owning a Home

Tax breaks enter the home ownership picture from all angles: buying, owning and selling. Remember that tax laws are constantly changing and complex, and you should consult with your professional tax advisor before filing any claims on your tax returns. Here are the basics:

Closing Costs You Can Deduct

When you close on your home buying transaction, you may have paid up-front interest, which is deductible. Up-front interest is sometimes called "points," "loan origination fees," "maximum loan charges," "loan discount" or "discount points."

To be deductible, these up-front charges must have been paid at closing and the lender must have considered them to be prepaid interest. If the lender charged a fee as payment for the use of the money, as opposed to payment for services performed, it's deductible.

And, thanks to a 1994 tax rule change, you can deduct up-front interest even if the seller (or builder in the case of a new home) paid it for you.

Be sure, however, that you do not include fees for appraisal, notary services and loan preparation in your deductions. These fees are not considered prepaid interest; they are payment for services performed.

Depending on your transaction and loan, qualifying charges are either deducted proportionally over the life of the loan or entirely in the year you purchased the home.

Monthly Costs You Can Deduct

You can also deduct amounts you paid, beginning on the date the transaction closed, for allowable home mortgage interest and property taxes.

If you paid $600 or more in mortgage interest during a year, your lender should send you Form 1098, which shows the total interest and any deductible points you paid during the year. If you do not receive this form, call your lender.

These deductions can be substantial, so review them carefully. You could save hundreds of dollars each month. For example, homeowners who have a mortgage for $100,000 may pay roughly $6,000 in mortgage interest and $1,200 in property taxes (depending on where the home is located) each year. Assuming that these fees qualify as deductible expenses, homeowners in the 28 percent tax bracket could save $2,016 each year, or $168 a month, in Federal income taxes.

When You Sell Your Home

A recent change to the new tax bill allows you to exclude capital gain of $500,000 for married taxpayers and $250,000 for single

taxpayers. To exclude the gain, you must use the home as your principal residence for 2 of the last 5 years.

Moreover, you can use the exclusion once every 2 years for the rest of your life. Further, age is not an issue. You can be age 20, 40, or 60 when you claim your exclusion. The new law eliminates the old $125,000 exclusion for a taxpayer age 55 and over and replaces it with the new, any age, bigger bucks exclusion. The new rules apply to homes sold after August 5, 1997. They replace the rollover and one-time exclusion rules.

Should unforeseen circumstances such as health, job change, etc., cause you to move before you occupy the home for 2 years, you may exclude the fractional part of the 24 months you occupy the home as your principal residence. Thus, if you lived in the home for 12 months before employment forced you to move, you could use 50 percent of the exclusion.

For More Information

To find out more about these deductions or other tax breaks for homeowners:

- Contact a tax professional
- Call the IRS at 800/829-1040

You can also review the following IRS publications:

- Home Mortgage Interest Deduction (Pub. 936)
- Tax Information for First-Time Homeowners (Pub. 530)
- Moving Expenses (Pub. 521)
- Selling Your Home (Pub. 523).

You can find most of these publications in your local library.

On the Internet, you can find more information on the IRS web site: (http://www.irs.ustreas.gov).

Things You Should Know About Moving

In Search of a New Residence

Subscribe to the area's local newspaper in advance of your move. It usually contains a large real estate section, which can be very helpful in giving you some idea of the type of housing available in the new city, as well as other useful information. Arrange for a house-hunting trip to your new city. When looking for a new home, take along a tape measure and a list of the exact dimensions of each of your major appliances and other large pieces of furniture. Measure the areas provided for them to be sure your appliances and furniture will fit. Establish credit in the new city. Ask your banker for a referral to a correspondent bank and to act as a credit reference.

Preplanning Your Move

Plan the move as early as possible. If you are able to move at any time of the year, don't wait until summer, the peak-moving season. Consider also that the first and last few days of the month are extra busy. If you plan to sell your house, get it on the market as soon as possible. If renting, give your landlord timely notice of your moving date. Keep a record of all expenses related to the move, some of which may be tax deductible. Fill out the Personal Household Inventory for each room. This is important for establishing the amount of declared valuation for the shipment and as a permanent inventory for insurance purposes. List, as nearly as possible, the year of purchase and original cost of each item. Attach any invoices or records of purchase to the completed inventory. Prepare a separate high-value inventory if the shipment will contain articles of "extraordinary" value. The following list includes items that might fall into this category:

- Antiques
- Art Collections
- Cameras
- China Collections
- Computer Equipment
- Crystal
- Figurines
- Firearms
- Jewelry
- Silver

- Stones Or Gems
- TVs Or Stereos

Estimate of Moving Costs

Unless you have been given a binding estimate where a firm cost is established in advance, the exact cost of a move cannot be determined until after the shipment has been loaded on the van and weighed. The weight on which charges are based is calculated by weighing the van before and after loading. The total cost of the move will include transportation charges, any charges for declared valuation, plus charges for any extra services performed at your request. All of these charges are based on tariff rate schedules. Owner's Responsibility It is the owner's responsibility to see that your mechanical, electrical equipment and appliances are properly serviced for shipping prior to the arrival of the moving van. For safe moving, have these items prepared by a licensed or properly trained technician. This service may be performed by a technician of your choice or by qualified personnel of the moving company. If the owner has failed to have an item serviced, the van operator may load and haul it, but will mark the inventory sheet, "Not Serviced-Loaded at Owner's Risk."

Six to Eight Weeks before Moving Day

Working with the Mover

- Have the moving company conduct a household goods survey in order to furnish you with a written estimate, although the final cost will depend on the actual weight or cubic space occupied of your household goods after they are loaded on the van.
- Before the removal list arrives, inspect the property. Include the garage, patio and any storage shed. Decide what to move and what to discard. Remember the cost of moving an item may be greater than the cost of replacing it. Decide whether you want to do any of the packing or have it done by the moving company's experienced personnel.
- Show the mover a list of everything that is to be moved. Specify articles that are to be packed so the estimate will include these charges. Any items that are later added to the shipment will add to the cost estimate.

Transfer of Personal Records

- Arrange for closing or transfer of charge accounts.
- Check personal insurance policies to see whether moving is covered. Transfer fire, theft and other personal property insurance to ensure coverage at the new home.
- Obtain transcripts of the children's school records and credentials from school authorities or secure transcripts of school records, if you prefer to take them along.
- Gather medical and dental records including vaccination data, medical prescriptions, dates of last examinations, history of past illnesses and so on.
- Ask your doctor and dentist to recommend colleagues in the new city. Be sure to check current telephone numbers and addresses of physicians, dentist and hospital, which will help when transferring your records.
- Obtain letters of introduction from your church, organization, club, and business Associates.
- Transfer, sell or resign memberships in clubs or associations.
- Report your move to any lending agency with which you do business. A lender's permission may be required to move personal property in which the lender has an interest.

Four to Six Weeks before Moving Day

Planning Your Packing
If you plan to do the packing yourself, start collecting suitable containers. You can purchase specialized containers from most moving companies, such as:

- Small cartons for heavy items (books, record albums, and tools).
- Wardrobe containers
- Large cartons for bulky items (pillows, blankets, and stuffed toys).
- Medium-sized cartons for bulkier but not so heavy items (towels, linens, and small appliances)

Collect other packing materials:

- White paper
- Tissue paper
- Paper towels
- Non printed paper
- Newspapers
- Tape or Strong twine for sealing containers
- Scissors or Sharp knife (keep out of children's reach)

- Felt marker to mark containers
- Notebook & Pencil for listing contents
- Labels or Stickers (Available from moving company)

Set goals and deadlines to ensure that all packing is completed by moving day. You may want to pack one room per week. Attach a list of contents to each carton. Separate and mark goods that will go into storage. Consider having a garage sale to dispose of unwanted items. If you donate clothing or household goods to charitable organizations, get receipts showing their approximate value for tax deductions? Remember that the cost of moving an item may be greater than replacing it. Begin to use up large supplies of canned goods and frozen foods. Buy only what will be used before moving.

Places To Notify of Impending Address Change Utilities.

- Electric
- Gas
- Water
- Telephone
- Fuel
- Trash removal
- Professional Services
- Doctor
- Dentist
- Accountant
- Lawyer
- Real estate Agent
- Stock broker
- Insurance Agents (make sure move is covered)
- Life
- Health
- Fire
- Auto
- Boat
- Established Business Accounts
- Credit cards
- Finance companies
- Banks
- Income tax offices
- Publications
- Newspapers
- Magazines

- Professional and trade
- Store cards
- Other cards
- Relatives and friends
- Business associates
- Book and record clubs
- Schools and colleges
- Church

Two to Three Weeks before Moving Day

Let the post office know your moving date and new address. If you do not have a permanent address by the time you move, the post office will hold your mail and forward it upon written instructions from you. Phone the local business office of the Telephone Company. They can make arrangements for service in your new home and, on request, give out your new number when your present number is called.
Contact all service companies as listed:

- Electric
- Gas
- Water
- Fuel
- Cable TV

If possible, arrange to have utilities connected before your arrival.

Make family travel plans.

- Reserve air or rail transportation and hotel accommodations as needed.
- Have your car prepared for the trip-tires, brakes, lubrication, oil change, and tune-up-as needed.
- Dispose of flammables such as fireworks, cleaning fluids, matches, acids, pressure cans or paint thinner.
- Drain oil and fuel from your power mower and other machinery.
- Discard partly used cans of oil, paint, syrup or any other substance that may leak.
- Carefully tape-seal and place in individual waterproof bags any jars of liquids or semi-liquids you do not wish to discard.

- Have rugs cleaned that are to be moved. Leave them rolled and wrapped when they are returned from the cleaners.
- If draperies are to be moved, have them cleaned and ready for alterations that might be needed in your new home.
- Collect items that are being cleaned stored or repaired (clothing, shoes, watches).
- Empty your locker at any club you are a member of.
- Return library books and anything borrowed from friends or neighbors. Also collect things you may have loaned.
- Decide what to do with your houseplants.
- Set a date with a reliable service person to prepare your appliances for shipment, preferably the day before the move. Depending on the appliance, post service may be needed for refrigerator, freezer, range, washer, dryer and others.
- Pianos and organs need to be prepared for moving by a specialized technician.
- Make arrangements to have utilities disconnected on moving day:
  - Electric
  - Gas
  - Water
  - Fuel
  - Cable TV
- Plan to keep your telephone in service through moving day in case last minute calls are necessary.
- Take pets to the veterinarian. Make sure identification tags are securely attached to the pet's collar.

Three Days before Moving Day

Instant Aid Box

Pack a box for instant needs on arrival. Mark the box "To be loaded last and Unloaded first." Package each group of items separately in labeled paper bags. Here are some suggestions.

- Cleaning
- Powdered detergent
- Sponge
- Paper towels
- Dish towels
- Dish cloth
- Kitchen cleanser
- Window cleaner
- Scouring pads

- Kitchen
- Paper plates, cups, napkins
- Plastic knives, forks, spoons
- Small saucepan
- Serving spoons
- Aluminum foil
- Snacks
- Easy-to-open cans of pudding
- Dry soup mix
- Sandwich spreads
- Jars of cheese
- Package of crackers
- Boxes of dry cereals
- Instant coffee, tea, chocolate
- Instant creamer, sugar, salt
- Bathroom
- Towels and face cloths
- Toilet tissue
- Facial tissue
- Soap, hand lotion, deodorant
- Toothbrushes and toothpaste
- Reading materials
- Puzzles
- Last-Minute Packing
- Cellular telephone
- Light bulbs
- Flashlight
- Hammer, screwdriver, pliers, assorted nails and screws
- Shelf paper
- Trash bags and ties
- Children
- Coloring books and crayons
- A favorite toy or two

Complete the "Take-with-Me Inventory" checklist

- Check contents of drawers. Remove all things that can spill or break. Soft goods such as blankets, pillows, blouses, shirts and lingerie may be left in drawers.
- Pin clothing to hangers if it is to be moved in wardrobe cartons to keep it from slipping off.
- Remove items left in the attic or other storage areas.
- Empty the refrigerator and freezer so they can dry at least 24 hours before moving. Be careful not to overlook the defrost

water pan. Failure to have the appliances completely dry can lead to mildew and unpleasant odor.
- Be sure the water is emptied from your steam iron.
- Launder all soiled clothing prior to the day the appliance service technician is expected.
- Take the telephone directory with you for contacting former doctors, dentists, suppliers, etc., and for preparing holiday card lists.
- Pack suitcases for the trip to the new home. Put in extra clothing for emergencies.
- Consider packing a picnic lunch to eat while traveling.
- Take along snacks such as fruit and cookies for the children.
- Include towels for a quick cleanup.
- Arrange for a baby-sitter for moving day, or have older children look after the younger ones.

Moving Day

Loading Your Belongings

- Be on hand when the movers arrive. Otherwise, it is important to let the movers know to whom you have given authority to take your place. Be sure this person knows exactly what to do. Remember the person may be asked to sign documents obligating you to charges.
- Accompany the van operator through the house inspecting and tagging each piece of furniture with an identifying number. These numbers, along with a description of your goods and their condition at the time of loading, will appear on the inventory.
- Be sure the condition of each item is recorded and the van operator has a clear understanding about what is to be loaded last. It is your responsibility to see that all of your goods are loaded, so remain on the premises until loading is completed. After making a final tour of the house to be sure no items have been overlooked, check and sign the inventory. Get your copy and keep it in a safe place.
- Check to see the van operator has the exact destination address. Be specific as to where and how you can be reached pending the arrival of your household goods.
- Leave the phone connected throughout the moving day. Leave a note listing your new address in a conspicuous place in the house so the new occupants will be able to forward any of your mail inadvertently delivered to them.

- Take a last look around:
  - Water shut off?
  - Gas shut off?
  - Air-conditioning shut off?
  - Light switches turned off?
  - All utilities arranged for disconnection?
  - Windows shut and locked?
  - Have you left anything?
  - Lock the house and leave the keys with a responsible person or in a prearranged location.

At Your Destination

- Contact the destination movers whose name appears on the forms signed as soon as possible and indicate where and how you can be reached.
- Make sure the house is ready for occupancy before the van arrives. If you have not already done so, contact the utility companies and make necessary arrangements for service. Ask if any of them provides free appliance connection service.
- Be on hand to accept delivery of your household goods. Otherwise authorize an adult as your representative to accept delivery and pay the charges for you. Inform the movers of the person so authorized. On the day of delivery, the van operator will attempt to contact you by phone and make an appearance at the residence if unable to reach you. If no one appears to accept the shipment within the free waiting time, the goods will be placed in storage at the owner's expense.
- Check your household goods, as they are unloaded. If there is a change in the condition of the property from that noted on the inventory at the time of loading or if any items are missing, note any damage and/or missing items on the van operator's copy of the inventory sheet. By signing the inventory sheet, you are acknowledging receipt of all items listed. Personally report any loss or damage to the moving company agent at destination immediately. (You must file the claim yourself; the van operator cannot do it for you.)
- To save time and confusion, place a floor plan of your new home at the entrance the movers will use, indicating where each piece of furniture should go.

- Then unloading, each piece of furniture will be placed as you direct, including the lying of rugs and setting up of bed frames, box springs and mattresses. However, appliances and fixtures may not be installed. At your request and additional cost, the agent may arrange for this service and for refilling of waterbed mattresses.
- To prevent possible damage, television sets, other electronic equipment and certain major appliances should not be used for 24 hours after delivery, allowing them time to adjust to room temperature. If you have paid for unpacking, you are entitled to unpacking service and removal of the cartons.

Getting Settled

- If you have not already done so, contact the utility companies and make necessary arrangements for service. Ask if any of them provides free appliance connection service.
- Make arrangements for reinstallation of appliances.
- Keep all documents pertaining to your move in a safe place. You will need them for verification of moving expenses and for filing your income tax returns. For more information on tax-deductible moving expenses, consult an Accountant or Tax specialist.
- Check with the post office for any mail being held and ask for delivery to start.
- Have your medical and dental records transferred after selecting a family physician and dentist.
- You may want to select a Lawyer discuss laws pertaining to your destination state, county and/or city. Be sure to cover such matters as wills, transfers of property and investments, insurance regulations, inheritance laws, taxes and the like. Most laws affect a family as soon as residence in the new province or state and city is established.
- Register to vote.
- Locate the selected schools. Take the children, introduce yourself and register them.

NOTES

Start Your Plan Here